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Daily Report

China

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General

UN Representative Signs Maritime Liens, Mortgages Agreement

OW1908001994 Beijing XINHUA in English 0006
GMT 19 Aug 94

[Text] United Nations, August 18 (XINHUA)—Chinese permanent representative to the United Nations, Li Zhaoxing, today signed the International Convention on Maritime Liens and Mortgages, which was concluded in 1993 in Geneva.

This international legal instrument was concluded for the need to improve conditions for ship financing and the development of national merchant fleets and the desirability of international uniformity in the field of maritime liens and mortgages.

UN Delegate Says Country's Minorities Enjoy Full Rights

OW1908010294 Beijing XINHUA in English 0013
GMT 19 Aug 94

[Text] United Nations, August 18 (XINHUA)—A Chinese delegate said today the national minorities in China have fully enjoyed the human rights which has turned out to be extensive, general and realistic.

Zham Ba Zhav, deputy director of foreign affairs department, State Nationalities Affairs Commission, made the remark at a three-day seminar on ethnic diversity and public policies.

The task of the seminar, which opened on Wednesday [17 August], is to consider constructive policy approaches to ethnic diversity and discuss possible measures for the prevention and resolution of ethnically-based conflicts.

"Their rights of existence, development, politics, economy, culture and society have been protected lawfully," said Zham Ba Zhav, referring to the rights of China's minorities.

But he said that in old China, these minorities could not enjoy the rights.

"In old China, i.e. before the year of 1949, especially at the time ruled by the Han chauvinism, the ethnic minorities used to be discriminated and oppressed, and many of them were even refused to be recognized as an ethnic identity," said Zham.

Zham noted that after the establishment of New China, many national minorities requested their ethnical identity to be recognized, one after another, so as to become the members of multi-ethnic family in China.

Ever since 1949, the new government have successfully made and carried out policies, which meet the needs of the minorities, he said. The contents of the successful policy include 6 following aspects:

1. To insist on the equality of all the ethnic groups;
2. To safeguard the unity of the state and unity among all the ethnic groups;
3. To implement regional national autonomy;
4. To foster and use more cadres from national minorities;
5. To promote common prosperity of all the ethnic groups;
6. To respect the religion belief and customs and habits of national minorities.

The three-day seminar, organized by the UN Research Institute for Social Development and the UN Development Program, is attended by more than 150 leading scholars, senior policy makers, non-governmental organizations, UN agency officials and media people.

Third China International Folk Arts Festival Hailed

HK1908034494 Beijing RENMIN RIBAO in Chinese
16 Aug 94 p 1

[Commentator's article: "Making Friends Through Cultural Activities—Hailing the Opening of the Third China International Folk Arts Festival"]

[Text] A total of 400 folk art emissaries from 16 countries in four continents of the world have gathered in Beijing. The third China international folk arts festival, sponsored by the China Federation of Literary and Art Circles (CFLAC), opened yesterday. Artists of various countries have brought with them gorgeous folk songs and dances, as well as valuable friendship. The previous two folk arts festivals made gratifying achievements in expanding cultural exchanges and intensifying people-to-people friendship. The current folk arts festival is of a larger scale, and some countries have sent delegations to take part for the first time. If China makes a success of the current international cultural gala, it not only will further enliven the cultural lives of the masses, and promote cultural and artistic activities, but also will help China seize upon the favorable opportunity, deepen reform, open wider to the outside world, stimulate development, and maintain stability. We wish the current international folk arts festival success.

The development of literature and art in various countries depends on folk culture created by the people on the basis of life. China, which enjoys a long-standing cultural tradition, highly values and makes great efforts to develop resplendent folk arts of various nationalities. Since China introduced reform—and the open policy, in particular—it has vigorously developed nationality culture, and then attained a new height in promoting flourishing literature and art. In the meantime, we have worked harder to introduce the fine culture of various countries into China, and to increase cultural exchanges with other countries. Just as Comrade Deng Xiaoping

put it: We must absorb and draw on the advances made by all other countries. Over the last few years, apart from holding international folk arts festivals in the country, the CFLAC has sent a number of folk art groups or artists to other countries to take part in international folk arts festivals. Clearly these efforts were duly rewarded.

It is China's tradition to make friends through carrying out cultural activities. Our purpose is "to develop folk arts, and to promote friendship and peace." In his congratulatory speech at the last folk arts festival, Premier Li Peng said: "The bringing to China of splendid folk songs and dances, with distinctive national features, by artistic emissaries of various countries will serve to increase artistic exchanges, and will give specific expression to the further strengthening of the traditional friendship between the Chinese people and the people of various countries. The significance of the arts festival far exceeds the literature and art itself." Artists coming to Beijing from various countries will see with their own eyes what achievements China has made in promoting economic development, maintaining political stability, bringing about a flourishing culture, stimulating social progress, and strengthening nationality unity. We strongly believe that the current folk arts festival certainly will further promote unity and friendship between the people of various countries, as well as world peace.

United States & Canada

U.S. Defense Secretary Meets PLA Deputy Chief of Staff

OW1808122994 Beijing XINHUA Domestic Service in Chinese 0741 GMT 18 Aug 94

[Text] Washington, 17 Aug (XINHUA)—During a meeting with General Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army [PLA], and his party on 17 August, U.S. Defense Secretary Perry said the United States and China should cooperate in a better way in the area of international security; and, the United States will continue to strive to improve and develop relations between the armed forces of the two countries.

The meeting was held at the Pentagon this morning. Perry extended a warm welcome to Xu Huizi on his visit. Recalling the history of exchanges between the armed forces of the two countries, especially the improvements in relations between the two armed forces since they were restored in November last year, Perry said he believed Xu Huizi's visit is of great significance for the development of relations between the two armed forces.

Perry said: China is an influential world power playing an important role in safeguarding peace in the Asia-Pacific region and in the world.

In thanking the U.S. defense secretary for his invitation and warm hospitality, Xu Huizi stressed that the main purpose of his current visit is to continue the dialogue

started by both sides in Beijing; to promote mutual understanding; enhance trust; and to further improve and develop relations between the two armed forces.

After the meeting, Perry hosted a luncheon in honor of Xu Huizi and his party. Yang Jiechi, charge d'affaires ad interim of the Chinese Embassy in the United States, participated in the meeting and attended the luncheon.

This morning, Xu Huizi also met with U.S. Acting Deputy Defense Minister Slocombe, and held talks with Freeman, assistant defense minister, on international and regional situations and on relations between the two armed forces.

In the afternoon, General Shalikashvili, chairman of the U.S. joint chiefs of staff, met with Xu Huizi. After that, Xu held a discussion meeting with members of the joint chiefs of staff.

Xu Huizi and his party arrived in Washington on 16 August for an official visit. He is the first high-ranking Chinese military officer to visit the United States since 1989.

U.S. Commerce Secretary To Visit Beijing

HK1908012494 Beijing ZHONGGUO XINWEN SHE in English 1323 GMT 18 Aug 94

[Text] Washington, 17 Aug (ZHONGGUO XINWEN SHE)—American Department of Commerce announced today that Secretary of Commerce, Ron Brown, is entrusted by President Clinton to lead an enormous large delegation to visit Beijing on August 27. The delegation is regarded as "President's Mission on Commercial Development".

Members of the delegation will include 24 senior American entrepreneurs in the field of information technology, energy, transport, finance and so on.

America's new commercial policies have seen the importance of developing relation between America, the world's largest industrial country, and China, the world's biggest market, said Brown today. Thus America will base on a positive and constructive principle to seek the increasing commercial opportunities in China, to strengthen commercial relation with China so as to ensure economic growth in the long term.

American Department of Commerce also revealed today that it has regarded China as one of the world's big markets when drafting the government's export strategies. It is expected China will provide enormous opportunities to American trade expansion in the 21st century.

During the 7-day trip, the delegation will visit Beijing, Shanghai, Guangzhou and Hong Kong.

According to the Department of Commerce, it is a delegation with the greatest number of people ever seen during the past 20 years. It includes high-ranking officials from the Export-Import Bank of the United States,

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National Security Council, Department of State, Office of the United States Trade Representative, the United States Information Agency, etc.

President Clinton Viewed as 'Relatively Incapable'

Part One

HK1908101594 Hong Kong TA KUNG PAO in Chinese
17 Aug 94 p 3

["American Hotline" column by Chang Shao-wei (1728 1421 1218) in New York on 16 August: "A 'Relatively Incapable' President"]

[Text] "Although Clinton is relatively incapable, he is not a bad President. It is simply because politicians in Washington always make dirty deals in their own interests that Clinton, an outsider, has repeatedly suffered setbacks."

"Being Good for Nothing"

This is a relatively pertinent and realistic remark among the numerous attacks, ridicule, and criticism directed at Clinton since last week. The "Anti-Crime Bill" was vetoed by a procedural vote in the House of Representatives last week. During the weekend, the focus of American public opinion shifted from the health insurance plan to the crime bill. Then, it naturally shifted to discussion of the leadership ability of the Clinton administration and the Democratic Party. The conclusion was that Clinton is in a predicament and the Democratic Party are in great difficulties. THE WALL STREET JOURNAL carried an article entitled "What Is Clinton Doing at Present?" and the subhead of the article was "Being Buried Alive." The article says Clinton has sunk into the most serious crisis since he became President. "Burying alive" the anti-crime bill which he fully supports is equivalent to casting a vote of no confidence in his leadership ability. An article carried in U.S. NEWS AND WORLD REPORT entitled "Can the Democrats Govern?" mentioned that a member of the Democratic Party once said in Congress: "We are flying in a plane without a pilot." An article carried in THE NEW YORK TIMES entitled "A Crippled President" says the Democratic Party has suffered a crushing defeat which has affected its morale at a time when Clinton badly needed a victory to enhance approval of the health plan and the Democratic Party badly needed a win to strive for victory in the elections at the end of the year. When a reporter commented on Clinton on television, the President appeared to be good for nothing at all.

At present, Clinton is indeed in trouble and his personal prestige is falling continuously. The latest opinion polls indicate that only 42 percent of people agree with what the President has done during his term, while 44 percent disagree. Changing sides by Democratic congressmen in the House of Representatives buried alive the crime bill and have made it even more difficult for the health plan to pass. Judging from the present situation, it is quite

possible that the Republican Party may win a great victory in the mid-term elections at the end of the year and become the majority party in the Senate. If so, it will be even more impossible for Clinton to accomplish anything in the last two years of his term.

Historical Comparison

According to past practice in the United States, after the honeymoon between a new President and Congress ends, contradictions on administrative policies usually emerge between the two sides and public support for the President also drops. Former President Reagan was reelected a second time. His support rating in the second year of his first term of office was at an even lower level than Clinton's is at present. However, the economy was in recession at that time and people lacked confidence in their leader. At present, the economy is in a rising period and people should support the policies of the government. Why has Clinton's prestige continually fallen instead?

Viewed from the past, Clinton can never have been considered to be a President with universal popular support. In 1992, the Democratic Party leaders hoped that New York Governor Cuomo, who had good qualifications and rich experience, would stand for election. However, he was afraid that he could not defeat President Bush, people might throw eggs at him, and he might even lose his post as governor. Therefore, he did not stand for election, but recommended Clinton instead. With the help of voters' demands for reform, the Democratic Party unexpectedly defeated the Republican Party. With a guarantee to reform and bring forth new ideas in his pocket, Clinton entered Washington in the capacity of an outsider and became the master of the White House. However, he only received 43 percent of the vote in the general election. Therefore, he could not be considered as being supported and respected by the majority of Americans.

After all, he was not mature enough, he lacked experience, and he had not been soaked in the big political dye vat of Washington. Soon after he took office, some of his weak points were exposed. Although he is easy to get along with and speaks frankly, he is impetuous and happiness or anger is visible on his face. This has prevented him from establishing an image of steadiness and wisdom which Americans expect to see. For example, in talking to middle school students, he said he liked to wear boxer shorts and disliked wearing briefs. He also talked about his pollen allergy. While delivering a speech recently, he was so excited that he hit the lectern with his fist, and, as a result, a presidential seal hanging in front of the lectern fell off. Some people joked that it was a bad omen.

Part Two

HK1908104294 Hong Kong TA KUNG PAO in Chinese
18 Aug 94 p 4

["American Hotline" column by Chang Shao-wei (1728 1421 1216) in New York on 16 August: "A 'Comparatively Incapable' President"]

[Text] Authority Not Established

A Washington outsider, Clinton could only depend on leaders of the Democratic Party to recommend senior officials to him and appoint Democrats who once worked in the cabinet of a Democratic administration or who have experience in management or senior administrative posts in the government. However, unlike previous presidents, he did not put into the White House people who had the most experience and skill working with Congress. Therefore, he was unable to make the White House the general headquarters for issuing orders or make Democratic congressmen and Democrats in various states act in accordance with the arrangements of the White House. In this way, Clinton lost the opportunity to establish his personal authority and has had to consult with politicians of the Democratic Party on all issues. In addition, he let his wife Hillary take charge of formulating the health insurance plan thus putting her in the limelight. This made many people resentful and made him look incapable. After noted correspondent Woodward, who exposed the Watergate incident, wrote a book revealing the inside stories of the White House, the public thought all the more Clinton's ability was limited and that he was less capable than his wife. Some people jokingly called Hillary "half a president." This did more harm to the President's image.

Easily Changing His Position

Clinton has also made a big mistake which statesmen must try to avoid. He changes his position easily and this makes people lose confidence in him. On the Haiti issue, he said before he took office that the refugees should not be repatriated unconditionally, but immediately after he took office, he said repatriation should be continued. In May this year, he said the Haitian refugees could be screened at sea and those who were qualified would be permitted to reside in the United States. Soon after, he said the refugees were not allowed to come to the United States and would be sent to a third country. On the health insurance issue, he said definitively at the beginning of the year that he would veto any bill that did not entitle 100 percent of Americans to insurance. At present, he has admitted that he will also sign a plan ensuring 95 percent of Americans are entitled to insurance. This style of naming a high price in the beginning and then a low one later and of lacking principle and persistence has made those who voted for him to be President lose confidence in him and those who did not dare to challenge the authority of the President in the past now try to do so.

Greater Likeness to Congress

Because of his failure in domestic policies, Clinton has had no time to attend to international issues lately. Therefore, he has not made any new decision on the Haiti issue after stalling for a long time. It is estimated that it will be very difficult for Clinton to accomplish much on other international issues before the election at the end of the year.

Clinton, who has already realized what he has failed in, has recently started to make personnel changes. He has named three Democrats who have been congressmen to the posts of director of the General Office of the White House, White House adviser, and chairman of the Democratic National Committee in a bid to strengthen communication with Congress and to strive to make the revised anti-crime bill pass in Congress, which will then be conducive to the enactment of the health insurance plan. Clinton himself has adopted the method of exerting pressure on the public to compel the congressmen to change their position and to support his plans. In the past few days, he flew to many cities and seized all opportunities to do preaching-type propaganda work. However, it is still difficult to see whether congressmen and the public will be convinced because he has not yet changed his image. No wonder an assistant in the White House said: "We should have employed a public relations firm to make plans for propaganda." At present, it seems very difficult to change the image of President Clinton or his government. During the election campaign, Clinton once said he would make his administration more like America. After he appointed three former congressmen from the House of Representatives, some people said Clinton's administration had a greater likeness to Congress and was farther away from the people. How can Clinton win the support of the people if things continue in this way?

XINHUA Views 'Invisible' Export Trade of U.S.

OW1808204894 Beijing XINHUA Domestic Service in Chinese 0345 GMT 17 Aug 94

[International Economic Note: "Invisible" Catches Up With "Visible"; by reporter Xue Yongxing 5641 3057 5281]

[Text] Beijing, 17 Aug (XINHUA)—Several years ago, while Western economies were in the doldrums, the world's visible trade experienced slow growth, and global trade volume in 1993 was even down by 2 percent as compared with that of 1992; invisible trade, however, experienced thriving development, with total exports in 1993 posting a record high of \$2.4 trillion. Today, the export amount of invisible trade has already accounted for nearly 40 percent of the total amount of world export trade. The amount of invisible trade is catching up with and closing in on the amount visible trade.

Invisible trade is a form of trade as compared to visible trade. [sentence as received] Visible trade as we know it refers to imports and exports of commodities. As commodities are concrete objects which are visible, imports and exports of commodities are therefore called visible imports and exports—namely, visible trade. However, invisible trade refers to services, to income from overseas assets, and to imports and exports of other kinds of intangible objects. Among them is the service trade, which is the most important part of invisible trade; such exports are the "main player" in terms of invisible exports.

According to the latest statistics of the British weekly *THE ECONOMIST*, in the invisible export trade race, the United States comes first in invisible export trade, with \$290.4 billion, followed by Japan with \$194.1 billion, France with \$181.4 billion, Britain with \$180.6 billion, and Germany with \$156 billion.

In recent years, with the rapid development of such service trades as information industries, finance, insurance, consultancies, brokerages, patents, and tourism, some countries, particularly developed Western countries, saw a sharp increase in the amount of their invisible trade exports, and invisible trade has comprised a decisive amount of the GNP of many countries. Belgium and Luxembourg are small Western European countries, but the amount of their invisible trade exports collectively exceeded \$126.7 billion in 1992, ranking sixth in the world and accounting for 55.3 percent of the GNP of the two countries. There are 12 countries whose invisible trade export amounts exceed 10 percent of their GNP's; among these are Denmark, Austria, the Netherlands, Switzerland, Britain, Norway, France, Ireland, Greece, Iceland, Sweden, and Portugal. Among these, Denmark, Austria, and Netherlands, whose invisible trade export amounts account for over 20 percent of their GNP's; the invisible trade export amounts of Britain, Norway, France, and Ireland account for over 15 percent of these nations' GNP's. The importance of invisible trade exports to the economies of these countries is apparent. If the economies of Britain and other countries were not supported by large surpluses in invisible trade, their foreign trade deficits would be much larger and they would be more hard-pressed.

Although invisible trade exports only account for 5 percent, 5.4 percent, and 8.5 percent, respectively, of their GNP's, the United States, Japan, and Germany are the "big players" on the world's invisible trade markets, and they are attaching greater importance to invisible trade and their presence in international markets. The United States is not only the largest invisible trade exporting country in the world, it is also the world's largest invisible trade importing country. In 1992, the United States exported \$290.4 billion and imported \$227 billion worth of invisible trade, with a net favorable balance of over \$63 billion. In 1993, it exported a record \$464.8 billion and imported \$580.5 billion worth of invisible trade, suffering a deficit of \$115.7 billion. According to a figure released by the U.S. Commerce Department, the U.S. service trade sector exported \$186.8 billion and imported \$131.1 billion, with a favorable balance of \$55.7 billion. The balance help cut the U.S. foreign trade deficit by half.

In recent years, the ratio of invisible trade has become larger and larger in terms of the total amount of export trade of Western developed countries. According to an estimate, in 1992, invisible trade exports of the United States accounted for over 60 percent of its total amount of exports, and for as much as over 70 percent of that of Britain, France, and Switzerland. Invisible trade exports

also accounted for over 30 percent of the total export amount of Germany, Japan, Italy, and the Netherlands.

Based on the above data, and judging from the current development of the world's invisible trade, industrialized and developed countries enjoy a high level of development in invisible trade and they enjoy a very strong competitive position. In contrast, most developing countries lag behind in developing invisible trade, and they lack competitiveness in this area. That is one of the main reasons why Western developed countries, with the United States at the forefront, have persistently called for including service trades in the legal framework of the General Agreement on Tariffs and Trade during the time-consuming global multilateral trade talks.

Northeast Asia

Spokesman Opposes Li Teng-hui Tokyo Visit

HK1908083194 Hong Kong AFP in English 0810 GMT 19 Aug 94

[Text] Beijing, Aug 19 (AFP)—China warned Friday of "political troubles" for the upcoming Asian Games in Japan if the organisers invite Taiwan President Li Teng-hui. The warning followed Japanese press reports Thursday that the Olympic Council of Asia had already invited Li to the Games which begin next month in Hiroshima.

"If Li Teng-hui is invited, there will be political troubles at the sporting Games," a foreign ministry spokesman said, although he rejected the report that Lee had already been asked to attend. "As far as we know, the organising committee of the Hiroshima Asian Games has decided not to invite Li Teng-hui," he said.

According to the Japanese press, Chinese President Jiang Zemin told Japanese politician Koichi Kato on Wednesday that Beijing did not want Tokyo to welcome Taiwan's leaders to the Games. Japan stopped all high-ranking and cabinet-level official exchanges with Taiwan after it broke diplomatic relations with the Nationalist island in 1972 and switched recognition to Beijing.

China has viewed Taiwan as a renegade province ever since Nationalist forces fled to the island in 1949 after a losing a civil war to the communists on the mainland.

Japan will have a similar problem to resolve when it hosts a summit of the Asia-Pacific Economic Cooperation (APEC) forum next year, to which both China and Taiwan might be invited. Li was prevented from attending last year's APEC summit in Seattle because of Chinese objections.

Japanese Lawmakers Arrive To Meet Jiang Zemin

OW1808122694 Tokyo KYODO in English 1149 GMT 18 Aug 94

[Text] Beijing, Aug. 18 KYODO—Five Japanese Diet members arrived in Beijing on Thursday [18 August] to meet Chinese President Jiang Zemin on the following day.

The group was led by former Finance Minister Yoshiro Hayashi of the Liberal Democratic Party, who heads a Japan-China friendship association of Japanese legislators.

Japan's Kato on Formation of New Party

OW1808144394 Tokyo KYODO in English 1406 GMT 18 Aug 94

[Text] Shenzhen, China, Aug. 18 KYODO—The policy chief of Japan's ruling Liberal Democratic Party (LDP) said Thursday [18 August] the LDP could form a new party with the Social Democratic Party (SDP), an ally in the present three-party coalition government.

Koichi Kato, speaking to reporters accompanying his trip to China, said "if former ruling parties establish a new party, it will be an option for the LDP and the SDP to form a new party."

Kato's remarks are regarded as suggesting a possibility in the future political realignment prior to the next general election for the House of Representatives to be conducted under the new electoral system.

The former ruling parties, notably Shinseito [Japan Renewal Party], have voiced a desire to set up a grand new force against the alliance of the LDP, the SDP and New Party Sakigake [Harbinger], an LDP splinter group.

The LDP, the SDP and Sakigake, nominating SDP Chairman Tomiichi Murayama as a prime ministerial candidate, defeated the Shinseito-led coalition in a Diet battle in June, forming the present three-party alliance.

The LDP and the SDP had been adversaries for decades.

Kato, chairman of the LDP Policy Affairs Research Council, said it is important to strengthen relations with the 8 million-strong Japanese Trade Union Confederation (Rengo) to realize the new LDP-SDP union.

To gain the support of Rengo, Japan's largest labor union organization and traditional patron of the SDP, Kato said the LDP should hurdle the two parties' differences on policies and elections by holding full discussions with unions belonging to Rengo.

Kato, who is currently on a six-day trip to China since Sunday, is visiting the southern Chinese industrial city of Shenzhen before returning to Japan on Saturday.

He has already held talks with Chinese President Jiang Zemin, and Vice Premier and Foreign Minister Qian Qichen over bilateral issues.

State Council's Li Guixian Receives Fujitsu Official

OW1808135494 Beijing XINHUA in English 1255 GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—State Councillor Li Guixian met here today with Akikusa Naoyuki, executive director of the Fujitsu Company of Japan.

During their meeting in the Great Hall of the People Li praised the active efforts made by Fujitsu in developing the China-Japan trade and economic exchanges and in training Chinese technological personnel.

After the meeting, the China Association for International Exchange of Personnel and Fujitsu signed their fifth agreement on Chinese personnel training by Fujitsu in Japan.

A world-renowned computer and telecommunications company, Fujitsu has trained 61 Chinese technicians since 1989.

The Japanese visitors are here as guests of the Chinese association [as received].

Heilongjiang's Shan Rongfan Meets Visiting DPRK Group

SK1908080094 Harbin HEILONGJIANG RIBAO in Chinese 12 Aug 94 p 1

[Text] Shan Rongfan, deputy secretary of the provincial party committee, received and feted the eight-member party workers' group of North Hamgyong Province of the DPRK at the Huayuancun Guest House on the evening of 11 August.

During the reception, Shan Rongfan extended a warm welcome to the visit paid by Mr. Choe Kyu-chong, secretary of the North Hamgyong Provincial WPK [Workers' Party of Korea] Committee, and his entourage; and expressed grief at the death of Kim Il-song, the great leader of the Korean people. He briefed the Korean guests on the province's development situation. He said: The visit paid by the Korean friends this time will promote the bilateral traditional friendship.

Choe Kyu-chong said: The death of Great Leader Comrade Kim Il-song has imposed the largest losses on the WPK and the Korean people. By closely rallying round Comrade Kim Chong-il, our dear leader, we will turn the grief into strength and do an even better job in building socialism according to the new revolutionary economic line put forward by the party. He extended thanks for the support and assistance given to the DPRK by the CPC, the Chinese people, and particularly by Heilongjiang Province.

DPRK Delegation of Cultural Workers To Visit Shandong

SK1908063294 Jinan DAZHONG RIBAO in Chinese 7 Aug 94 p 3

[Text] A North Korean delegation of overseas culture workers will visit Shandong in the near future.

During its visit to China, the delegation will discuss future cultural exchanges between the governments of the two countries. In Shandong, it will visit some cultural facilities, plants, and rural areas.

Southeast Asia & Pacific

Beijing Mayor Meets With Visiting Thai Governor

OW1808190594 Beijing XINHUA in English 1537
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—Beijing is willing to conduct overall economic cooperation with Thailand, said Beijing Mayor Li Qiyang when he met here this afternoon with Tirawatr Kullavniaya [spelling of name as received], visiting governor of Chachoengsao Province in Thailand.

Li said that during the past few years Beijing and Thailand have conducted fruitful cooperation in many fields, adding that Beijing supports all Thailand-invested enterprises here.

Recalling his visit to Beijing ten years ago, Tirawatr said that he was surprised at the great changes in the capital.

Li noted that Beijing's changes can be attributed to the overall reform and opening up. He added that Beijing is to further its opening in a bid to become an international metropolis.

He expressed a welcome to foreign businessmen to come to Beijing for cooperation.

The 11-member Thai delegation came at the invitation of the Beijing Municipal Government. They will also visit Shanghai and Guangzhou.

According to government sources, by the end of July this year Thailand had set up 100 joint ventures here with a direct investment of nearly 100 million U.S. dollars.

Last year the trade volume between the two sides almost reached 13 million U.S. dollars-worth.

So far, Beijing has set up four companies in Thailand, with a total investment of 400,000 million U.S. dollars.

Officials Hold Talks With Thai Education Delegation

OW1808142094 Beijing XINHUA in English 1353
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—Fei Xiaotong, vice-chairman of the Standing Committee of the National People's Congress (NPC) of China, met with a delegation from the committee on education of the Thai House of Representatives here today.

The group, led by committee Chairman Wajarintra Ketawandee [name as received], arrived here Wednesday [17 August] as guests of the NPC.

Extending a welcome to the Thai visitors, Fei said the exchanges between the NPC and the Thai parliament serve to enhance the understanding and friendship between the two countries and two peoples.

During the meeting Fei briefed the visitors on the development of China's education and rural enterprises.

Ketawandee said that Thailand and China have many things in common in education. He expressed the hope that there would be more exchanges and co-operation in this regard.

This morning Yang Haibo, vice-chairman of the NPC's Education, Science, Culture and Public Health Committee, held working talks with the delegation.

This afternoon, Chinese Minister in charge of the State Education Commission Zhu Kaixuan and Chairman of the NPC committee Zhao Dongwan met with the Thai visitors on separate occasions.

SRV Officials Exchange Views With Tang on Border Issues

BK1908053994 Beijing China Radio International in Vietnamese 1100 GMT 18 Aug 94

[Text] On 16 August, Foreign Minister Nguyen Manh Cam received a Chinese Government delegation led by Chinese Deputy Foreign Minister Tang Jiaxuan, currently on a visit to Vietnam.

Deputy Foreign Minister Tang Jiaxuan said: Since the normalization of relations between China and Vietnam, exchanges and cooperation between the two countries have been restored and comprehensively developed. Concerning the remaining border and territorial issues, the two sides should strive to peacefully settle the problem through negotiations.

Deputy Foreign Minister Tang Jiaxuan stressed that to develop Sino-Vietnamese good-neighborly relations, friendship, and cooperation for mutual interest on the basis of the five principles of peaceful coexistence is the unswerving policy of the Chinese Government. For the sake of peace and stability in the region and for the Sino-Vietnamese friendship in the 21st century, China is ready, together with Vietnam, to make great efforts to bring about a firm and long-lasting development of the bilateral relations.

For his part, Vietnamese Foreign Minister Nguyen Manh Cam said: The Vietnamese side attaches importance to developing the relations of cooperation and friendship with China because this is in conformity with the fundamental interests of the two peoples. Foreign Minister Nguyen Manh Cam stated that Vietnam will continue, together with China, to carry out friendly consultations and will continue to make efforts to settle the border and territorial issue between the two countries.

Chinese Deputy Foreign Minister Tang Jiaxuan and his entourage arrived in Hanoi on 14 August for an official visit. During the visit, Deputy Foreign Minister Tang Jiaxuan and his Vietnamese counterpart Vu Khoan held the second round of Sino-Vietnamese governmental-level border talks. The two sides reviewed efforts of

expert groups of the two countries and progress made by them in resolving the border and territorial issue since the first round of Sino-Vietnamese governmental-level talks in 1993. The two sides candidly, fully, and frankly exchanged views on the Nansha [Spratlys] problem and have reached some common understandings. The two sides unanimously agreed that the two nations' border and territorial issue, including the Nansha problem, should be appropriately settled through negotiations—rather than resorting to force or the threat of using force—on the basis of the understandings reached by leaders of the two countries and the agreement on basic principles signed by the two nations in 1993. The two sides agreed that the normal development of bilateral relations should not be affected by the remaining disputes. When a problem occurs, the two sides should give priority to the two countries' relations, adopt a calm and restrained attitude, and promptly resolve the problem through consultations to prevent the situation from becoming more complex. The two sides maintain that the second round of talks has enhanced mutual understanding and is useful for the settlement of differences through negotiations in the future.

Vice Minister Says Negotiations 'Key' To Accord With SRV

OW1808191094 Beijing China Radio International in English to Western North America 0400 GMT 18 Aug 94

[From the "World News" program]

[Text] China says negotiations are the key to reach an agreement with Vietnam over territorial disputes. Chinese Vice Foreign Minister Tang Jiaxuan met with Vietnamese Foreign Minister Nguyen Manh Cam in Hanoi Wednesday [17 August].

Tang Jiaxuan said: China maintains a policy of developing friendship and cooperation with Vietnam on the basis of the five principles of peaceful coexistence. Both sides agreed that the development of normal relations should not be affected by the ongoing border and territorial disputes.

Near East & South Asia

Foreign Ministry Spokesman Condemns Killings in Algiers

OW1908103094 Beijing XINHUA Domestic Service in Chinese 0913 GMT 19 Aug 94

[Text] Beijing, 19 Aug (XINHUA)—A Foreign Ministry spokesman issued a statement the other day expressing "shock and sorrow" at the death of two Chinese engineering and technical personnel as a result of a shooting by terrorists in Algiers, "strongly condemning" the brutal act.

On 15 August, when Liu Caifa and Qian Yongqiang, personnel at the representative office of China's Water

and Electricity Foreign Business Corporation, left their residence to go shopping by car, they were abruptly attacked by four armed terrorists about 100 meters from their residence. They were hit by bullets and killed on the spot. Two terrorists were killed in the exchange of fire between an Algerian armed patrol and the terrorists immediately following the shooting.

The Foreign Ministry spokesman said: "We are deeply shocked and sad over the killing of two innocent Chinese engineering and technical personnel in Algiers by terrorists, and strongly condemn this brutal act of terrorism. We hope the Algerian Government will appropriately handle this incident, and take practical and effective measures to ensure the safety of Chinese personnel in Algeria."

It was learned that the Chinese Embassy in Algiers has made representations on many occasions with the Algerian side concerning the handling of the two victims and the question of the safety of Chinese personnel in Algeria. With the help of Algerian side, the remains of the two victims will be sent back to Beijing within the next few days.

More on Spokesman

OW1908111294 Beijing XINHUA in English 1046 GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—A Chinese Foreign Ministry spokesman has recently strongly condemned terrorists in Algeria who killed two Chinese in cold blood.

The two Chinese, Liu Caifa and Qian Yongqiang, were staff members of the representative office of the Chinese Foreign Water Conservancy and Power Company in Algeria. They were shot dead by four armed terrorists on August 15 when they were driving about 100 meters from their residence on their way to a shopping center.

Algerian armed patrol men crossed fire with the four terrorists and killed two on the spot.

"We are shocked and deeply grieved to learn that two innocent Chinese workers were killed by terrorists in Algeria, and we strongly condemn this brutal act," the spokesman said.

"We hope that the Algerian Government will handle the incident properly and take practical and effective measures to guarantee the safety of the Chinese citizens in Algeria", the spokesman stressed.

It was learned that the Chinese Embassy in Algeria has had several discussions with the Algerian side on matters concerning the death of the two Chinese and the safety of the Chinese citizens still in Algeria. With the assistance of the Algerian side, the remains of the two Chinese victims are soon to be shipped back to Beijing.

Bodies Flown Home

*OW1908155894 Beijing XINHUA in English 1431
GMT 19 Aug 94*

[Text] Algiers, August 19 (XINHUA)—The bodies of the two Chinese technicians murdered by terrorists in Algeria on Monday [15 August] are to be flown back to China today.

The victims, Liu Caifa and Qian Yongqiang, were shot dead by four terrorists Monday in El-Harach near Algiers. Two of the attackers were killed by Algerian police, but two are still at large.

Algerian Foreign Ministry and Chinese Embassy officials transferred the two coffins covered with China's national flag to the Algerian National Airport's guest hall today where the Secretary of Algerian Foreign Ministry Mohamed Haneche [spelling of name as received] and Chinese Charge D'Affaires Ad Interim Deng Shaoqin laid wreaths.

After the ceremony, Haneche condemned the crime and guaranteed that the Algerian police will track down and severely punish the killers.

He asked the Chinese charge d'affaires to pass on to the Chinese Government and people the Algerian Government's shock and lamentation over the deaths and expressed condolences to the families of the victims.

State Council's Li Guixian Receives Moroccan Delegation

*OW1908101794 Beijing XINHUA in English 0913
GMT 19 Aug 94*

[Text] Beijing, August 19 (XINHUA)—Chinese State Councillor Li Guixian met with Aziz Ahasbi, minister-delegate in charge of administrative affairs of the Kingdom of Morocco, and his party here today.

The Morocco visitors arrived here yesterday as guests of the Ministry of Personnel. The two sides discussed exchanges and co-operation in public administration and personnel management and renewed their program of co-operation.

Chinese Minister of Personnel Song Defu was present in the meeting.

Vice Foreign Minister Tian Zengpei Meets Moroccan Envoy

*OW1908141494 Beijing XINHUA in English 1151
GMT 19 Aug 94*

[Text] Beijing, August 19 (XINHUA)—Chinese Vice-Foreign Minister Tian Zengpei met with Mehdi Zentar [name as received], a special envoy of King Hassan II of Morocco, here today.

A Chinese Foreign Ministry official said that the special envoy forwarded to Tian a letter from Moroccan King Hassan II to Chinese Premier Li Peng.

Nepal's Koirala Meets Communications Deputy Minister Liu

*OW1808142494 Beijing XINHUA in English 1103
GMT 18 Aug 94*

[Text] Katmandu, August 18 (XINHUA)—Nepali Prime Minister Girija Prasad Koirala today had a cordial talk with visiting Chinese delegation led by Chinese Deputy Minister for Communications Liu E.

The 8-member Chinese delegation came here on August 16 at the invitation of the Nepali Government in connection with the operation of road transport services between Katmandu and Lhasa in accordance with a traffic agreement signed between China and Nepal in Beijing in May this year.

After bilateral talks, the delegations of China and Nepal are scheduled to leave for Lhasa by the end of this weekend on site inspection to implement the agreement reached.

Pakistani Authorities Seize Heroin, Hashish

BK1908093794 Beijing China Radio International in Urdu 1600 GMT 18 Aug 94

[Text] According to our correspondent in Islamabad, (Li Linh), Pakistani Customs authorities have recently seized about 70 tons of smuggled heroin and Indian hashish in the Northwest Frontier Province and southern coastal areas. Customs authorities have disclosed that of the smuggled narcotics, 44 kg of heroin was recovered from a goods-laden truck passing through the Khyber Pass in the Northwest Frontier Province and about 68 tons of Indian hashish was seized after being unearthed in the jungles of the Makran coast in the southwestern region.

Political & Social

Jiang Zemin Views on Party Building

HK1908030494 Beijing RENMIN LUNTAN in Chinese
No 28, 15 Jul pp 10-11

[By Liu Xingxing (0491 2505 2502), at the Party History, Party Building, and Political Work Section of National Defense University: "Jiang Zemin's Principal Theoretical Viewpoints on Party Building in New Period"]

[Text] Party Building Should Be Strengthened in the New Period

After the formation of its third-generation leading collective, the first important thing the party did was to urge party organizations to "concentrate on party building." As the core of the leading collective, Jiang Zemin repeatedly stressed that in the new historical period, party building should be strengthened. Not long ago, he stressed once again: To establish a socialist market economy structure and to deepen reform comprehensively, we should attach greater importance to strengthening and improving party building, and should bring into full play the roles of party organizations and the broad numbers of party members. Jiang Zemin repeatedly stressed this issue chiefly, in part, because the key to upholding the four cardinal principles; maintaining the stable domestic political situation; unswervingly pushing ahead socialist modernization, and the cause of reform and opening up to the outside world so that socialist China can stand any tests and remain invincible; lies in carrying out party building well. He also stresses the issue, in part, because party building efforts were slack, and even neglected, for some time in the past so that some party organizations were weak and lax, and some party members and party cadres failed to withstand tests. Thus the party was faced with problems in terms of ideology, politics, organization, and work style—all which demanded prompt solution. Therefore, the importance and urgency of strengthening party building seem to be growing.

The Guiding Ideology and the Goal of Advancing Party Building in the New Period

The primary and core issue of party building in the new period is how to formulate the guiding ideology, as well as the goal of advancing party building in the new period, in accordance with Marxist theory on party building, and with the party's central task and goal in the new period. In his speech at the study class on party-building theory, which was held on 29 December 1989, Jiang Zemin clearly pointed out: "We should persist in building our party into a more powerful vanguard of the Chinese working class which is armed with Marxism-Leninism-Mao Zedong Thought." The vanguard must be "a powerful core, leading the people of all nationalities in the country in the building of socialism with Chinese characteristics." In his speech at the forum to mark the CPC's 72d founding anniversary on 25 July 1993, Jiang

Zemin further expounded on the general goal and requirement for strengthening party building in the new period. The unity of the fundamental requirement of party building to uphold the party's nature as the vanguard of the working class, with the specific goal of party building at this period of building the party into a powerful core that can lead the building of socialism with Chinese characteristics, show that Marxist theory on party building suits the needs of the new situation and tasks, as well as the party's basic line. Therefore, it has become the guiding ideology we should follow, as well as the goal of advancing party building in the new period.

The Whole Party Should Be Armed With the Theory of Building Socialism With Chinese Characteristics

On this issue, Jiang Zemin emphatically expounded the following theoretical viewpoints: First, arming the whole party with the theory of building socialism with Chinese characteristics is a task of fundamental significance, as well as a long-term strategic task of party building, which should be implemented throughout the process of socialist modernization. Second, it has extremely great significance in maintaining a high level of ideological and political unity throughout the party; enhancing willingness and steadfastness in implementing the party's basic line, thereby putting the party in a better position to rule and lead; correctly understanding and handling new problems and deep-seated contradictions arising in the course of socialist modernization; and striving to prevent and overcome the one-sided and absolutist method of approaching things, and ensuring the comprehensive and correct implementation of the party's principles and policies. Third, only when we study assiduously and earnestly, rather than perfunctorily; in concrete, rather than abstract terms; and in a systematic, rather than a fragmentary way; can we master and make good use of this theory. Fourth, we should firmly grasp the quintessence of emancipating the mind and seeking truth from facts, and strive to study and master the dialectical materialist and historical materialist scientific world outlook and methodology in the works of Deng Xiaoping. Fifth, in the light of the new situation and tasks, we should conscientiously implement the principle of integrating theory with practice, adhering to the method of combining the study of theory with and that of practical problems, carry forward the style of studying in order to practice, and continuously deepen theoretical study.

We Should Attach Importance to and Strengthen the Party's Propaganda and Ideological Work

The party's propaganda and ideological work is an important way of strengthening party leadership, and an important part of strengthening party building. Jiang Zemin attached great importance to this work, and made repeated speeches on the subject. At the national propaganda and ideology conference in January this year, he once again comprehensively expounded his views on the party's propaganda and ideological work. The main

points included: First, strengthening propaganda and ideological work in the new period is of great importance. "Our propaganda and ideology work must arm people's minds with scientific theory, guide them with correct public opinions, mold them with a lofty spirit, encourage them with outstanding works, and continuously nurture and train generation after generation of new socialist people who have lofty ideals, moral integrity, education, and a sense of discipline [the four haves] so that the work will serve as a powerful ideological guarantee, and play the supporting role of public opinion in the great cause of building socialism with Chinese characteristics. Second, building socialism with Chinese characteristics is the fundamental principle guiding propaganda and ideological work. Third, the main tasks of propaganda and ideological work are to persist in arming the whole party with the theory of building socialism with Chinese characteristics, which is the most important task on the propaganda and ideology front; to persistently implement the party's basic line, do a good job in correctly guiding public opinion, strengthen ideological work, train new "four-have" people, and promote the building of socialist spiritual civilization; and to adhere to the orientation of serving the people and socialism, and the policy of letting a hundred flowers blossom and a hundred schools of thought contend so as to develop the main theme and promote the flowering of socialist culture. Fourth, the party's leadership over propaganda and ideological work should be strengthened and improved.

Unswervingly Carry Out the Struggle Against Corruption

Jiang Zemin has made many brilliant expositions in this regard. The main ones are as follows: 1) He has pointed out the seriousness and harmfulness of corruption. If we lower our guard against corruption and let it spread unchecked, this will mean "the ruin of our party, of our people's political power, and of our socialist modernization cause." ("Speech at the Second Plenary Session of the Central Discipline Inspection Commission") 2) He has expounded on the relationship between anticorruption struggle, on the one hand, and economic construction and the reform and opening up, on the other. The anticorruption struggle is the inevitable demand for implementing the party's basic line, and an important guarantee for concentrating forces on carrying out economic construction. 3) He has analyzed the main manifestations and nature of corruption, as well as the social and historical reasons for its existence. 4) He has put forward the line of thinking and principles concerning the anticorruption struggle: The anticorruption struggle should submit to and serve the overall situation of the work of the whole party. While fostering the idea of carrying out the anticorruption struggle on a long-term basis, we should have the sense of being real and urgent, as well as a firm attitude and powerful measures. We should take both radical and stopgap measures, and introduce comprehensive management. Most fundamentally, we should rely on education and the legal system.

We should start the struggle with leading cadres, and with senior cadres first of all, including the working personnel at the sides of leading cadres. While not launching mass movements or the practice of everyone making a self-criticism so as to pass the test, we should have faith in the masses, rely on them, and mobilize them to report corruption. Party committees and governments at all levels must strengthen leadership over the anticorruption struggle. 5) He has stressed that consolidating and strengthening the flesh-and-blood ties with the masses of people is of great significance in preventing and overcoming corruption. The vast numbers of cadres—and leading cadres, in particular—should go into the midst of the common people, and always should keep the difficulties of the masses of people at heart. "The issue of stand, and of thinking and feeling, is one of fundamental importance. If we are divorced from the masses, and are unconcerned about and apathetic toward the weal and woe of the masses, we are bound to degenerate ideologically, and are pretty sure to become corrupt in action." ("Speech at the Third Plenary Session of the Central Discipline Inspection Commission")

Communist Party Members—and Leading Cadres, in Particular—Must Toughen Themselves in Terms of Party Spirit

On this issue, Jiang Zemin emphatically stressed the following points: First, that for the Communist Party members to toughen themselves in party spirit was an indispensable important condition for maintaining the party's advanced nature, and that the new period, new tasks, and new circumstances required Communist Party members to toughen themselves in party spirit more conscientiously. Second, he set out the party's demand on its members regarding party spirit in the new period: "Under the new historical conditions, for the Communist Party members to toughen themselves in party spirit, it must be stressed that they should conscientiously and assiduously study the theory of building socialism with Chinese characteristics; unswervingly implement the party's basic line, principles, and policies; and be models in emancipating their minds and seeking truth from facts, in working hard, in dedicating themselves selflessly and serving the people wholeheartedly, in observing discipline and upholding democratic centralism, in working in a down-to-earth and diligent manner, in being devoted to their duties, and in opposing all kinds of corrupt practices and developing new socialist practices." ("Speech at the Forum to Mark the 72th CPC Founding Anniversary") Jiang Zemin particularly stressed that leading cadres at all levels must do better, and must set stricter demands on themselves than ordinary party members. Moreover, he pointed out the main way out of acquiring better party spirit: Studying Marxist theory, getting involved in the mass practice of building socialism with Chinese characteristics, and participating in strict inner-party activities.

Article Views Jiang Zemin's Southern Trip*HK1808150394 Hong Kong KUANG CHIAO CHING
in Chinese No 263, 16 Aug 94 pp 58-62*

[Article by Chung Wen (6945 2429): "New Instructions by Jiang Zemin During His Southern Trip"]

[Text] **Remarks by Jiang Zemin During His Trip to Fujian and Guangdong Reflect the Latest Policies of the CPC Senior Leadership**

From 15 to 21 June 1994, under the scorching sun and accompanied by Guangdong Provincial Party Secretary Xie Fei and Guangdong Provincial Governor Zhu Senlin, CPC General Secretary Jiang Zemin made an inspection tour of Guangzhou, Foshan, Zhongshan, Zhuhai, Shenzhen, and Meizhou. On 22 June, Jiang Zemin travelled along the coast and toured Fujian's Xiamen, Quanzhou, Putian, and Fuzhou through 27 June. During the trip, Jiang Zemin made important remarks regarding the development trends of the special economic zones, the role of agriculture in an agricultural country, the relationship between the state-owned economy and the private sector, economic and trade policy toward Taiwan, and the fostering of spiritual civilization. These remarks represent the trend of the CPC senior leadership's latest policies.

Special Economic Zones Need To Continue To Create New Advantages

Speaking on the role and functions of the special economic zones in China's reform and opening up, Jiang Zemin discounted the view that, given the all-directional opening up of China, the role and functions of the special economic zones can be weakened or can even gradually disappear. He maintained that the special economic zones need to continue to speed up the establishment of a nationwide socialist market economic structure and to continue to actively explore and create more experiences. He stressed that the special economic zones have to readjust their economic structures and develop more high-tech industries. He said: In principle, labor-intensive industries such as materials processing, parts and component assembly, and compensation trade should not be set up in the special economic zones or coastal open cities but should be gradually shifted and developed inland. This benefits the special economic zones and coastal areas as they quicken the upgrading of their industrial structures and helps bring along the economic development of the hinterland, reduce the indiscriminate flow of labor from the hinterland, and gradually narrows the difference in development between the eastern and western parts of China. Regarding the administration of the special economic zones, Jiang Zemin stressed that the administration system should be all-embracing; administration should be strict and upgraded; and the special economic zone should take the lead in carrying out modern administration.

Jiang Zemin Instructs Shenzhen and Zhuhai To Coordinate With the Reversion of Hong Kong and Macao

Regarding the investment environment, Jiang Zemin urged the special economic zones to both improve the "tangible" infrastructural environment and the "intangible" environment, which includes improving work efficiency and service and perfecting laws and systems.

Following the inspection tour of the special economic zones of Shenzhen and Zhuhai, Jiang Zemin instructed that Shenzhen and Zhuhai should continue to make more contributions to the long-term prosperity of Hong Kong and Macao. Jiang Zemin said: The vast number of compatriots in Hong Kong and Macao are patriotic, actively support the reunification of the motherland, and are willing to contribute their strength toward the modernization of the motherland. The good development of the socialist market economies, socialist democratic politics, and socialist spiritual civilization of the special economic zones of Shenzhen and Zhuhai will play an increasingly important role in maintaining the long-term prosperity of Hong Kong and Macao.

Agriculture Is the Foundation and State Ownership Is the Mainstay

This year, China has been afflicted with drought in the north and floods in the south. With Guangdong, Guangxi, Zhejiang, Jiangxi, Fujian, and Hunan overrun by floods, the south is bound to have a poor harvest. CPC General Secretary Jiang Zemin knows very well the truth that "instability comes from a lack of grain," and therefore he has repeatedly stressed throughout his trip to the special economic zones that agriculture is a fundamental sector. He said: China has a very large population. It must be self-sufficient in food and have a surplus as a reserve in case there is a food shortage. All provinces should, in principle, ensure basic self-sufficiency in food and must take effective measures to stabilize the total area of farmland, stabilize grain production, and stabilize the volume of grain in stock. Moreover, it is necessary to resolutely protect the farmland. This question should draw more attention and concern in some coastal provinces whose industries and tertiary industry are developing relatively rapidly.

On his recent trip, Jiang Zemin also discussed state enterprises. Given the fact that Fujian is relatively weak (relative to the three northeastern provinces, Beijing and Shanghai) in large and medium state-run enterprises and that private enterprises and foreign-invested enterprises are relatively active (as compared to inland provinces), he stressed in a fairly solemn manner: State-owned enterprises should occupy a leading role and must not be considered a burden. Although nonstate enterprises constitute an important part of the national economy and are important elements in economic growth, theirs is a supplementary role after all. Party committees and governments at all levels and departments in charge of the

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economy must gear their efforts toward properly developing state-owned enterprises.

He Exhorts Officials at All Levels To Reach a Consensus on Five Areas

Jiang Zemin exhorted cadres at all levels to reach a consensus on five areas by saying: First, state-owned enterprises, especially large and medium state-owned enterprises, have contributed substantially to China's economic development and are the main centers of economic growth. The numerous difficulties they are facing have accumulated over many years. We must not waver in our confidence in properly developing state-owned enterprises just because of their difficulties, still less should we consider them a "burden." Second, state-owned enterprises, especially large and medium state-run enterprises, are the backbone of China's national economy. Through decades of effort, we have succeeded in building a complete state-owned industrial system. This is an exclusive advantage of China's economy, and we must have a full understanding of its importance. Third, we allow and encourage the development of individual, private, and foreign enterprises, but they do play a supplementary role after all. Fourth, while deepening reform and changing their management mechanism, state-owned enterprises can choose appropriate forms of management in light of their own actual situations. Whatever form they choose, however, they must ensure that the value of state-owned enterprises is guaranteed and increased and must not cause a drain on state-owned assets. Fifth, the main point of next year's economic restructuring is to further study and push forward various related reform measures while quickening and deepening enterprise reform so that enterprises can make a new breakthrough in changing their management mechanism and establishing a modern enterprise system. In Jiang Zemin's remarks, we can see the CPC's firm position on maintaining the leading role of public ownership.

Fujian Must Strengthen Economic and Trade Ties With Taiwan

During his inspection tour of Fujian, Jiang Zemin asked the Fujian authorities to strengthen the province's economic and trade ties with Taiwan. He said: Fujian has close geographic and blood ties with Taiwan. I hope that Fujian will bring into play its advantages, do more work, and make contributions to pushing forward the development of cross-strait economic and trade ties and the cross-strait relationship and to promoting the reunification of the motherland.

Haicang Should Act Boldly. It Is Not Only Open to a Certain Group of People

On the afternoon of 23 August, Jiang Zemin went to Haicang on the yacht Lujiang for an inspection and made some remarks. He said: Haicang already possesses the conditions for inviting businesses, attracting capital, and fully opening up. It should act boldly in the future

and welcome more investment from Taiwan and foreign businesses. We should make Haicang a center of investment for Taiwan businesses as well as for businesses of other countries and regions and should make it an important development area primarily supported by new and high technologies. This undoubtedly indicates that Haicang has been elevated before the world and that it has opened its door to all investors and is not just for a certain group of people.

The Haicang Investment Area was officially set up with the approval of the State Council and it has a planned development area of 100 square km. Over the past few years, the Haicang Investment Area has invested one billion yuan in infrastructural development and has approved 16 foreign investment projects, with a total contracted investment of over \$1 billion. A number of large and influential foreign consortia keep coming to Haicang, making it a hot spot for investment. This last March, in light of the new circumstances, the Haicang Administration Committee readjusted the original plan and layout and revised the previous plan of purely developing the petrochemical industry in the 20 square km of land in its southern part. This 20 square km of reserve industrial land, plus the original 80 square km of land, will become a modern urban area, industrial area, and port area in the 21st century. For this reason, the overall plan for the entire investment area has to be formulated all over again. Haicang is now speeding up successive projects, including those for the port, roads and highways, sewage disposal, electricity, and the supplementary urban construction of small zones.

Jiang Zemin Warns That Special Economic Zones Should Not Be Developed at the Expense of Spiritual Civilization

In recent years, the economies of China's special economic zones and coastal open cities have been developing rapidly. At the same year, materialist social moods have made people "deride poverty rather than prostitution" and decadent ideas encouraging the pursuit of women, singing, and gambling are very likely to spread to the rest of the country. In response to this, Jiang Zemin pointed out: We should be clear that creating advantages for the special economic zones includes creating advantages for economic and material civilization as well as for spiritual civilization and overall social progress. Therefore, the special economic zones must further improve both material civilization and spiritual civilization. To judge the work performance of a leading cadre, we must not only look at the effects and results of what he has done to foster material civilization but also look at the effects and results of what he has done to foster spiritual civilization. In no circumstances should material civilization be developed by weakening or even at the expense of spiritual civilization. But we should actively promote the development of spiritual civilization and both meet the needs of the spiritual life of the people and continue to give incentives and intellectual support to the development of material civilization.

The Piano in Gulangyu and the Flute in Quanzhou

Jiang Zemin was very concerned about the cultural development of Fujian and Guangdong. He asked Xiamen City Government officials: Yin Chongzong played the Yellow River piano concerto very well. Where does he live? Can we listen to the piano in the evening in Gulangyu? An official immediately answered him, saying: "In the evening, the sound of waves accompanies the piano here in Gulangyu. Upon hearing this, Jiang Zemin was very pleased. In Quanzhou, a famous city, Jiang Zemin found time to see a puppet show and a local opera. After the performance, Jiang took a flute from the first flutist and played it for a while, much to his enjoyment.

In Quanzhou, Jiang repeatedly asked why the Buddhist monk master Hong Yi became an ascetic Buddhist until he received a satisfactory answer. On another occasion in Quanzhou, while standing in front of the stone statue of Laozi, Jiang cited his words: "Happiness relies on misfortune and misfortune is subject to happiness." He suggested that his travel guides share the dialectics of Laozi's philosophy with overseas Chinese from southeast Asia and compatriots from Taiwan, Hong Kong, and Macao so that they will have a better understanding of the history of the Chinese nation and enhance their sense of identification with it.

Li Tieying Addresses Opening of 4th Art Festival

OW1808184994 Beijing XINHUA in English 1515
GMT 18 Aug 94

[Text] Lanzhou, August 18 (XINHUA)—The Fourth China Art Festival opened this evening in this capital of northwest China's Gansu Province.

The Lanzhou Stadium, where the opening ceremony of the art festival was held, was filled with a joyous and festive atmosphere.

At eight p.m., Li Ruihuan, a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) and chairman of the Chinese People's Political Consultative Conference (CPPCC) as well as honorary chairman of the Fourth China Art Festival, declared the art festival open after a band played to greet the Chinese and overseas guests present.

Li Tieying, a member of the Political Bureau of the CPC Central Committee, state councilor and chairman of the Fourth China Art Festival, addressed the opening ceremony.

Li first offered congratulations on the opening of the festival on behalf of the CPC Central Committee and the State Council. He said China has staged three such galas, which have demonstrated its achievements in artistic creation since 1979.

The current art festival, he said, integrates art performances with cultural and art activities of the masses and

mobilized people from various walks of life to make the art festival a festival of the people and a festival of art.

Li said this year is an important one for China to accelerate the construction of its socialist market economic structure and maintain a steady, rapid and healthy development of the national economy. Efforts must be made to contribute to the prosperity and construction of socialist culture with Chinese characteristics, he said.

Liu Zhongde, vice-chairman of the Fourth China Art Festival and minister of culture, also spoke at today's ceremony. He said the current art festival will display the colorful achievements made in China's artistic creation. It will also serve to promote the cultural development in Gansu Province.

"We should give full expression to mainstream art as well as encourage colorful artistic forms and bring about a prosperous socialist art so as to provide people with rich nourishment in their spiritual life," Liu said.

Zhang Wule, provincial governor and vice-chairman of the current art festival, greeted the Chinese and foreign guests present on behalf of the provincial government as well as the 23 million people of various nationalities in the province.

The current art festival opened with a grand performance of "The Waves of the Yellow River," attended by over 600 actors and actresses. The performance, which integrated solo singing, ballet, local opera forms and acrobatics, lasted for 90 minutes and ended in a chorus marking the formal opening of the Fourth China Art Festival.

The Fourth China Art Festival is sponsored by the Chinese Ministry of Culture, joined by the Gansu Provincial People's Government and the China Art Festival Foundation.

Altogether, 45 performances will be staged.

According to Chen Changben, deputy head of the festival's organizing committee and vice-minister of culture, the performances, which include operas, dance dramas and stage plays, have been picked up from various parts of China and represent the general art development over the past few years. Many of them, he said, are winners of state awards.

Troupes from Hong Kong, Taiwan, Japan, Russia and Kazakhstan will take part. About 1,000 overseas guests have been invited.

During the ten-day gala, Gansu will host a series of trade fairs covering foreign trade, farm and sideline products, special local products and scientific and technological achievements. Streets featuring new and high-tech products, local products and local cuisine will also cater to visitors from different parts of the world.

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Li Ruihuan Lauds 4th Art Festival at Working Meeting

*OW1808190394 Beijing XINHUA in English 1531
GMT 18 Aug 94*

[Text] Lanzhou, August 18 (XINHUA)—Art festivals are an excellent way to bring about a prosperous socialist art, encourage excellent national culture, enrich the people's cultural life and promote the economic development.

This remark was made here today by Li Ruihuan, a member of the Political Bureau of the Standing Committee of the Communist Party of China (CPC), chairman of the Chinese People's Political Consultative Conference (CPPCC) and honorary chairman of the Fourth China Art Festival after attending a working meeting of the organizing committee of the Fourth China Art Festival.

He first expressed his heartfelt gratitude to the Gansu Provincial Committee of the CPC, the provincial government and the organizing committee as well as all those who have worked for the current art festival.

He said the hosting of the art festival is of great historical significance for northwest China as the area was one of the cradles of Chinese civilization as well as where China's future lies.

"We should make the northwest better known to the rest of China and the world so as to mobilize forces from all walks of life to support its construction," Li said.

Li also greeted some overseas guests attending the festival.

Chen Zhili, Jiang Yiren Visit Xinjiang, Shanxi

OW1908094594 Shanghai People's Radio Network in Mandarin 2300 GMT 17 Aug 94

[From the "990 Morning News" program]

[Text] Entrusted by Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, and Mayor Huang Ju, Chen Zhili, deputy secretary of the Shanghai Municipal CPC Committee, and Vice Mayor Jiang Yiren led a Shanghai municipal delegation to visit the Xinjiang Uygur Autonomous Region and Shanxi Province from 8 to 17 August.

The purpose of the visit was to thank the province and the region for their long-term assistance and support of Shanghai; to study their experience in reform, opening up, economic development, and social development; and to discuss ways to further promote economic exchanges and cooperation at different levels while developing a socialist market economy.

During the visit, the delegation visited Urumqi, Turpan, Taiyuan, Datong, and other places; exchanged views on the situation with party and government leaders of the

province, region, and localities; and held cordial talks on how to further strengthen economic cooperation.

While stopping in Xian, the delegation was received warmly by leaders of the Shaanxi provincial party committee and government.

Source Claims Top Legal Official Fled to U.S.

HK1908060894 Hong Kong EASTERN EXPRESS in English 19 Aug 94 p 1

[Text] A senior Chinese legal official has defected and applied for political asylum in the United States. The unnamed official, claimed by a source to be the most significant mainland defector since the former XINHUA [Hong Kong] head Xu Jiatun fled in 1990, flew out of Hong Kong on Wednesday night.

It is unclear whether he was flown directly to the United States or will transit through a third country. The man—thought to be either a senior judge or procuratorate official—is believed to be carrying highly sensitive documents. His identity remains unknown and U.S. and British officials refused to confirm or deny details of the case.

A source said the Chinese Government was furious about the defection of such a senior figure. A spokesman for the Hong Kong government said last night: "We do not comment on individual immigration cases."

The State Department in Washington also refused to comment.

"We have privacy laws in the United States," a spokesman said. "If the individual wants to publicise the case, he can do so."

The Foreign Office in London had no comment.

There has been a steady stream of defections from China to the West, but most cases have involved Chinese diplomats stationed overseas. Defections by officials serving in posts on the mainland have been relatively rare.

Xu, the former director of the NEW CHINA NEWS AGENCY in Hong Kong, made headlines when he fled to Hong Kong in May, 1990, just hours before he was to be detained by mainland authorities. He is now living in California and has made a large amount of money by writing his memoirs. Apart from being China's top representative in Hong Kong, Xu was also a member of the Communist Party's powerful Central Committee.

The most recent defection was in June, when a Chinese diplomat disappeared from his post in Rome. Yu Chuanxi who was believed to be an intelligence officer working under diplomatic cover, was said to be carrying sensitive information.

In November, 1985, Yu Zhensan, the son of Jiang Qing, Mao Zedong's wife, and the head of the External Affairs Bureau of the Ministry of Public Security went into

hiding in Hong Kong before leaving for the West. News of his defection to the United States did not leak out until September, 1986. It was reported that Yu had tipped off the U.S. authorities about the activities of a CIA turncoat, Larry Wu-tai Chin.

Yu is believed to have been an active agent working for the US since 1981, according to Nicholas Eftimiades, a Defence Intelligence Agency analyst and author of *Chinese Intelligence Operations*.

Chin, 63, a retired CIA translator and intelligence officer at the time of his arrest in 1985, committed suicide in his prison cell in February, 1986, two weeks after being convicted of spying for the Chinese. A Chinese agent since 1952, Chin had access to virtually all secret US documents on China and the Far East after 1970.

In March, 1992, a first secretary at the Chinese embassy in London and his wife sought political asylum in Britain. The diplomat, Feng Bao-sheng, said he was frightened to return to China because he feared persecution for having supported the pro-democracy movement in 1989.

On the sporting front, the defection of the tennis star Hu Na caused a chill in Sino-U.S. relations in 1983 and in 1989 the swimmer Yang Yang caused the Hong Kong Government great embarrassment by claiming political asylum.

Banned Book Recounts Deng's 1976 Move for Power

Part One

HK1908054194 Hong Kong EASTERN EXPRESS in English 18 Aug 94 p 8

[First of two installments of a summarization, by KAI-FANG editor Jin Zhong, of the banned book *Deng Xiaoping in 1976*, written by Qing Ye and Fang Lei]

[Text] There has only been one leadership transition in communist China to date. Today, with everyone intensely concerned about what will happen to China after Deng Xiaoping, the inside story of how the military became involved in the last change of leadership is well worth paying attention.

When Mao died on September 9, 1976, Hua Guofeng—not Deng—was the designated successor. Deng had been under house arrest since April, held responsible for the Tiananmen Square demonstrations of that year, which had been declared a counter-revolutionary incident. Official sources are almost completely silent about the military's role in the transition of power and the crucial question of Deng's foreknowledge of the military's plans.

A controversial book, *Deng Xiaoping in 1976* [deng xiao ping zai yi jiu qi liu 6772 1420 1627 0961 0001 0046 0003 0362], written by Qing Ye and Fang Lei, issued last

year—and almost immediately banned—contained detailed new information about these events.

Hua entered into an alliance with Mao's widow, Jiang Qing, together with Wang Hongwen, Zhang Chunqiao and Yao Wenyuan—the Cultural Revolution leaders, later excoriated as the Gang of Four. The arrest of the Gang of Four in October was in essence a military coup, though—due to the absolute nature of the party's leadership over the military—this was not a typical Third World "rebel army charging the presidential compound" type of coup. Months earlier, there had already been considerable pressure for the military to play a part in dealing with the Tiananmen demonstrations in April 1976.

On April 4, when Beijing residents began bringing wreaths and poems to Tiananmen to mourn the death of the premier, Zhou Enlai, a politburo meeting was held in Zhongnanhai. Zhang (then a vice-premier) proposed that the task of clearing of the square be carried out by combined forces of the militia, public security, and the Beijing Garrison. Chen Xilian, the leftist commander of the Beijing Military Region, offered the support of two additional PLA divisions in the event that the initial force proved inadequate. Clapping her hands in delight, Jiang said she wanted tanks and machineguns to be deployed in the capital. But Wang disagreed. The final decision to rely on public security personnel and militia was made by Hua. Hua worried that moving field army troops to Beijing would appear "politically reactive".

Ultimately 20,000 militia and 10,000 public security officers were mobilised, along with 500 Beijing garrison troops. In a report to Mao Zedong on April 6, Mao Yuanxin stated that 168 people were injured in the course of clearing the square, 15 critically. In the aftermath, more than 30,000 militiamen remained on station in Zhongshan Park and the Cultural Palace (in the Forbidden City complex north of Tiananmen Square), and there were nine PLA encampments in Beijing—including one at the Museum of History and one in the Great Hall of the People, which flank Tiananmen Square to the east and west, and additional troops in the suburbs. Mao Zedong's response to this was "Good, good, good."

A few minutes after midnight on the morning of September 9, 1976, Mao died. He bequeathed to the party a power structure split into two main factions that were engaged in a life or death struggle. Opposed to the Gang of Four, the orthodox faction, most of whom had been victims of the Cultural Revolution, consisted of two groups. One was mainly former party and government bureaucrats. Its leaders were Deng, the deputy premier, Li Xiannian, and the senior economic expert Chen Yun. The other component was the military generals and commanders, led by Marshall Ye Jianying. There was a huge disparity of power between these two factions. The Cultural Revolution faction controlled the party and propaganda media. In particular, they had complete

control of the central broadcasting stations and the newspapers, which they could use to stir up trouble at will on any issue. But the only local power base they controlled was Shanghai, where the Gang of Four had first risen to power. The orthodox faction was nominally in an inferior position, but its intrinsic power was still considerable. Despite the problems this faction had encountered during the Cultural Revolution, its real strength was still the military.

Members of both factions were well aware of these differences. Without the mighty support of Mao, the Cultural Revolution faction were like dogs that had lost their home. This was the reason they tried so hard to build a base of armed military power in Shanghai. It was inevitable that the military would play a decisive role in the post-Mao power struggle.

The central question about the post-Mao succession is why Hua turned against the Gang of Four. Hua was a key figure during this period, and there were several factors behind his decision. One was the growing arrogance of Mao's widow, Jiang. This was her greatest mistake. Had she had a bit of self-knowledge and joined forces with Hua—who was no threat to her—the situation might have been much more complicated. In the event, Jiang's overweening arrogance ultimately forced Hua to take a stand against her. Even Wang Dongxing, the head of security—who wrestled with Jiang for control of the palace documents, which he saw as the key to his own survival—encouraged the split between Hua and Jiang and ultimately turned against her.

Another factor in Hua's about-face was the influence and power of the military, headed by Ye, which made it feasible for Hua and Ye to form an alliance against the Gang of Four. Since Hua was really only a puppet, the influence of the military was ultimately irresistible. Ye claimed illness and took leave during Mao's last days, but his real purpose was to gather strength for the struggle to come. Once Mao died, Ye moved his residence from inside the city of Beijing to a military base in the Western Hills to ensure the security and secrecy of communications and planning. Shortly afterwards, Marshall Nie also moved to the Western Hills. By the time of the memorial service for Mao on September 18, the acting chief of staff, Yang Chengwu, the navy commander Xiao Jingguang, and the air commander, Zhang Tingfa had also moved up to the hills with their families. The Western Hills had become, in fact, an alternate centre of military and political power. From the time that Mao entered his final illness, Ye understood that fate had handed him an enormous responsibility. His staff were ordered to report to him on the international and domestic situation every 20 minutes. After Mao died, he only listened to reports on the situation inside China.

What about Deng? Deng and Ye had a secret face-to-face meeting even before Mao was placed in his coffin. The meeting between Deng and Ye remains a sensitive secret,

for this is the only conclusive evidence of Deng's direct involvement in the overthrow of the Gang of Four. On the afternoon of September 16, still ostensibly under house arrest and guarded on a 24-hour basis, Deng left his residence by car to visit Ye. The two had a confidential discussion at Ye's residence for 30 minutes. As to the contents of that meeting, Ye carried the secret to his grave. After Deng's second purge following the April Tiananmen uprisings, Ye and Deng continued to maintain secret contact through their children. When Deng and Ye met, they "exchanged ideas about how to resolve the problem of the Gang of Four". Deng said he hoped that Ye would be able to clean up the mess. When Deng left, according to Ye's secretary, he was holding a copy of the PEOPLE'S DAILY.

Late that same day, Hua received a secret parcel from Ye. It contained a single printed copy of that day's PEOPLE'S DAILY. There was no note, nor any handwriting on the paper. What was important was the editorial, which included an amended version of an instruction from Mao. Mao's actual words to Hua "Always act in accordance with past policy"—had been changed to "Always act in accordance with the policies already laid down by Chairman Mao." Hua was alarmed. This change in Mao's injunction to Hua was clearly intended to serve as a basis for attacking Hua and other party leaders as "revisionist". Hua interpreted this as proof that the Gang of Four intended to seize power.

Part Two

HK1908061294 Hong Kong EASTERN EXPRESS in
English 19 Aug 94 p 9

[Second of two installments of a summarization, by KAIFANG editor Jin Zhong, of the banned book "Deng Xiaoping in 1976" written by Qing Ye and Fang Lei]

[Text] The authors of "Deng Xiaoping in 1976" maintain that the decision to use military troops to arrest the Gang of Four was made during the secret meeting between Marshall Ye Jianying and Deng Xiaoping. No official Chinese source has ever confirmed Deng's involvement in the plot to overthrow the Gang of Four, though this may be merely an effort to preserve Deng's image as someone who would not stoop to scheming and plotting.

As the storm clouds gathered, the hostility of the military (towards the Gang of Four) intensified. On the instructions of Chen Yun, General Wang Zhen secretly checked into the PLA [People's Liberation Army] 301 Hospital. Wang immediately summoned other generals and commanders who were temporarily "recuperating in the hospital," including Luo Ruiqing, Fu Chongbi, Xiao Hua, Qin Jiwei, Chen Zaidao, and Chong Hanhua.

Cursing Mao's widow Jiang Qing, General Fu proposed arresting all four members of the Gang. "My only regret is that I don't have an assassin's knife in my hand. Give

me a single company and I'll charge into Diaoyutai (guesthouse complex) and do in all of them," Luo Ruiqing said.

Fu said he knew the complex of underground tunnels that connected Diaoyutai, Zhongnanhai, and the Great Hall of the People. "I can take care of all of them in less than half an hour," Fu said.

Wang Zhen was the most exercised of all. "If Huo Guofeng proves unreliable and doesn't come over, we'll take care of him together with the rest," Wang said.

Later that night, Fu was sent to report to Marshall Ye in the Western Hills. He returned with ten automatic pistols. Each general was given a gun.

On September 20, Wang Dongxing—the party security chief—conveyed Ye's views on the matter to the party chairman, Hua Guofeng. Wang told Hua that the problems of all four members of the Gang of Four must be solved simultaneously. It would not be enough just to get rid of Jiang Qing, he said. "If you will give the order, (Ye) will be responsible for the troops."

But Hua still hesitated. Aside from Jiang Qing, he had no particular ill-feelings toward the other three members of the Gang, so he asked for time to consider the matter. Ye then sent Hua an entire case of bright yellow hunting bullets, totalling 500 rounds. Four rounds in the case were painted an eye-catching black.

Wang Dongxing further assured Hua that he could publicise damaging information from Wang's files about the Gang of Four—charges that Jiang Qing and Zhang Chunqiao had betrayed the party, evidence of Wang Hongwen's womanising, et cetera—to enable him to explain his actions to the party and the public at large.

Wang's right-hand man, Li Xin, suggested that the arrest be carried out secretly, the same way the Russians had handled (Lavrenti) Beria, (the Soviet secret police chief, arrested in 1953, allegedly to forestall a coup).

On September 21, late in the evening, Hua finally made up his mind. It was decided, in discussions with Ye Jianying, to convene a special meeting of the Politburo Standing Committee on the evening of September 24. The Gang of Four would be arrested on the spot and the meeting held immediately afterwards. Ye described the approach as: "Act first, talk later."

The Gang of Four was also urgently seeking armed support. They had taken the following steps.

Mao Yuanxin—the PLA political commissar of the Shenyang Military Region had secretly redeployed two PLA divisions from Shenyang towards Beijing. By early October, they had reached Shanhaiguan (the coastal corridor between Hebei and Liaoning where the Great Wall meets the sea).

Zhang Chunqiao's brother, Zhang Qiuqiao, and Xu Haitao, the director of security for the Central Military Commission, were trying to win over a tank regiment in the suburbs of Beijing.

In Shanghai, the Gang of Four arranged for huge quantities of small arms to be delivered to the militia, including 80,000 rifles and several hundred machine-guns and rockets. Wang Hongwen also requested tanks and armoured vehicles.

The Cultural Revolution faction knew they could count on the support of Ding Sheng, the commander of the Nanjing Military Region.

With the exception of the Shanghai militia, however, Ye Jianying was quickly able to neutralise all of these threats.

To deal with the Shenyang divisions, Ye ordered Mao Yuanxin's superior, Li Desheng, the commander of the Shenyang Military Region, to countermand Mao's orders immediately.

He also ordered Yang Zhenwu to deploy the 29th Army—stationed near Tianjin in the Tanggu area, sealing off both the land and sea routes from Liaoning to Beijing.

Ye also moved quickly to deal with the tank regiment which Zhang Chunqiao's brother and Xu Haitao had been trying to court. Zhang Qiuqiao was arrested on the same day as the Gang of Four. Xu killed himself three days later.

The situation in Shanghai was much more difficult. Long under the control of the Gang of Four, this great city could have blown up at any moment. Hua Guofeng was very anxious, but Ye told him that the 60th Army and the Eastern Sea fleet had been put on combat alert. "If there is no other way, we will use armed force to resolve the situation," Ye said.

Both the commander and the political commissar of the 60th Army were trusted confidants of Xu Shiyao. Ye and Xu had deployed these troops in a line between Wuxi and Suzhou, forming a powerful threat to Shanghai.

It is no wonder that Mao Yuanxin later complained about Chen Xilian (the leftist Beijing military region commander), saying that Chen was "completely useless." "Chairman Mao handed him the Central Military Commission on a platter but he failed to command anybody. No one would even listen to him. When it all finally came down, they all turned to Ye Jianying."

"Deng Xiaoping in 1976" provides a detailed and authoritative account of the events surrounding the actual arrest of the Gang of Four.

Wang Dongxing hand picked 18 officers from the elite "8341" Unit and secretly swore them in. Wang raised four principles: "To stabilise the politburo, stabilise the army, stabilise Shanghai, and stabilise the propaganda organs."

At 2000 on October 6, Zhang Chunqiao was on his way to attend the scheduled special Politburo Standing Committee meeting. He was grabbed in the hallway of the

Huarentang Hall (in Zhongnanhai) and carried into a room where Hua Guofeng and Ye Jianying were waiting.

Hua read Zhang a central resolution which stated that the cases of Wang, Zhang, Jiang, and Yao would be investigated separately. Zhang was then handcuffed and taken away.

Yao Wenyuan, who had been specially notified about the meeting, was arrested in the lounge of the East Gallery. Yao offered no resistance. Mao Yuanxin, who was arrested in his residence, also made no attempt to resist.

Wang Hongwen, however, resisted vigorously, according to Wang Dongxing's later account. When Wang was taken into the room, even before Hua had finished reading the text of the central resolution, Wang began shouting loudly and freed himself from his two guards, leaped forward, and attempted to grasp Marshall Ye Jianying about the neck. Wang was overpowered, dragged out the door, stuffed into a car, and taken away.

Jiang Qing, who had not been invited to the politburo meeting, was arrested in her bedroom. After being read the resolution, she cursed her captors, shouting: "Out! You, get out! Someone help! It's a plot, they're scheming a coup!" Grabbing a porcelain vase, she threw it at Zhang Yaoci, the deputy regimental commander in charge of her arrest. Zhang overpowered Jiang, who was handcuffed and led away by two female PLA officers.

Wang's attempt to attack Ye suggests the deep hatred that the Gang of Four had for the military. Without (Ye's) joint control of the military and the senior party leaders, Hua could not have played the role he did.

On October 6, only two days before the mission, Hua had wavered after receiving a friendly phone call from Jiang Qing. But the military had taken care of everything. The leftist-controlled broadcast station was taken over by Commander Geng Biao, while Gen Chi Haotian was in charge of taking over the People's Daily. These missions had all been assigned by Marshall Ye.

When it was all over and done with, Ye informed Deng Xiaoping and Chen Yun by phone. Even the timing of the public announcement of the arrest of the Gang of Four was personally decided by Ye.

The mission to arrest the Gang of Four had taken only one-and-a-half hours to complete. Afterwards, Hua Guofeng convened an emergency meeting of the politburo at Ye's luxurious villa, Building No 9 on Jade Spring Mountain in the Western Hills.

Before the meeting, Hua made a proposal that Ye should take the position of chairman of the Central Committee, but Ye laughed and dismissed the idea. "I am a military cadre who has been engaged in military struggle for several decades," Ye said. "If I were to become party chairman, wouldn't I be accused of having carried out a military coup?"

Outright military rebellion was avoided in Shanghai as a result of Ye's successful strategy of "luring the tiger out of the mountain and letting the tiger back to the mountain".

On October 7, Ma Tianshui—the most reliable cadre in Shanghai—was invited to Beijing for a meeting. Two days later, Ma invited two other Shanghai cadres—Xu Jingxian, and Wang Xiuzhen to join him.

By October 13, all three had changed their stand [of support for the Gang of Four] and were flown back to Shanghai.

They immediately convened an expanded meeting of the Shanghai Municipal Party Committee which approved the central resolution (on the arrest of the Gang of Four), averting a confrontation.

Like a dragon that had lost its head, the Shanghai clique instantly dissolved. By October 15, Su Zhenghua, Peng Chong and others had taken control of the party, government, and military organs in Shanghai.

On October 18, Ma, Xu, Wang, and other members of the former Shanghai Municipal Party Committee were undergoing separate investigations.

The political crisis of 1976, the biggest since the Chinese Communists took over China, came to an end under the overwhelming shadow of the military.

The last Chinese strongman after Mao—Deng Xiaoping—no longer knows what will happen the next morning or evening, what plots the barrels of the Chinese guns are brewing, nor what role they will play after his own demise. [sentence as published]

Beidaihe Meeting Proposes Laws Against Graft

HK1908071794 Hong Kong HONGKONG STANDARD
in English 19 Aug 94 pp 1, 2

[By Cary Huang, China editor]

[Text] China's ruling Communist Party is to lay down a comprehensive legal framework in an all-out effort to eliminate rampant corruption that will threaten the post-Deng rule. The move, considered the country's most important development in party and political restructuring since 1989, is intended to achieve a smooth transition of power. It was decided upon at a recent meeting of leaders at the seaside resort of Beidaihe.

The first batch of a series of anti-graft laws and regulations is expected to be published at the beginning of next year. It will establish a sound legal basis for the long-term anti-corruption campaign, according to Chinese sources.

The anti-graft campaign will be top of the agenda at a forthcoming party plenum to be held in the Autumn and the top priority of the party's work in coming years.

The planned legislation will stipulate:

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- All officials must report their personal and family members' assets and interests to their superiors.
- Officials are banned from getting involved in businesses and accepting any gifts.
- All government agencies' business activities and purchases will be open to the press and public. Their purchases will be conducted through auctions.

The working conference of the party's Central Committee, held recently in Beidaihe, agreed that challenges to Communist rule do not mainly come from hostile foreign forces, but from two major internal problems—economic transition and corruption.

Although senior officials are aware that the country is facing difficulties in the transition from a Stalinist-style planned economy to one mainly driven by market forces, they are seriously concerned that rampant corruption among bureaucrats would ruin the Communists' rule in the future. Rooting out graft is a life or death struggle facing the party in the light of a transfer of power from senior party elders to a younger generation, the Beidaihe meeting heard.

The summer party meeting, which traditionally decides the agenda for the annual plenum, agreed that the anti-graft endeavour was crucial in the leadership's effort to ensure a smooth transition of power after the death of paramount leader Deng Xiaoping who will be 90 on Monday.

Chinese sources said the party plenum would examine the series of detailed anti-corruption laws and regulations prepared by a task force before they were presented to the National People's Congress—China's parliament—for final endorsement.

A series of detailed anti-corruption regulations for party members, which do not require approval from the national legislature, will also be decided by the plenum and are expected to be published soon afterwards.

Sources said the task force set up a few years ago to draft all the anti-graft laws and regulations, had studied similar legislation across the world and copied some ideas. The team comprised officials from various party and government agencies, including the Central Commission for Disciplinary Inspection and the People's Supreme Court.

Article Urges 'Rectification' of Internal Publications

SK1808130494 Beijing XINHUA Domestic Service in Chinese 1856 GMT 17 Aug 94

[Text] Beijing, 17 Aug (XINHUA)—XINWEN CHUBAN BAO [Press and Publication Paper] published a commentator's article entitled "Internal Newspapers and Journals Require Urgent Rectification" on 15 August. Full text of the article follows:

Internal newspapers and journals have broken the law to tag prices on themselves to be sold in public; they have even done something unheard of to sell their registration numbers; and, moreover, they have turned it a common practice to publish advertisement and develop business and social activities. This is a problem resulting from management and also "profit motivation" because public distribution by mail saves money; publication of advertisement earns money; and sales of registration numbers can make huge profits without spending a penny. If all of the 5,000 newspapers and nearly 10,000 journals for internal circulation are "motivated" by "profits," they will make breakthroughs in even more areas and swallow more. The consequences will be dreadful to contemplate. Since they dare to break the law in management, it is out of the question for them to meet the demands of the party and the state on ideological and political content and in the ideological field.

China currently has more than 2,000 newspapers and more than 8,000 journals for public distribution and more than 500 publishing houses. This is by and large compatible with China's capacity for producing relevant intellectual products and corresponding material products. It is impossible for the country to approve changing more internal newspapers and journals into ones for public distribution. Internal newspapers and journals should be rectified strictly and promptly. Those that cannot survive after the rectification should be closed. This will help in the healthy development of China's newspapers and journals.

Circular on Management of Internal Newspapers

Calls for Registration of Papers

OW1908031394 Beijing XINHUA Domestic Service in Chinese 1147 GMT 17 Aug 94

[Beijing XINHUA Domestic Service in Chinese at 1059 GMT on 17 August sent a service message asking newspapers in the capital and major newspapers in the provinces and municipalities to carry the following article]

[Text] 17 Aug (XINHUA)—The CPC Central Committee Propaganda Department, the Press and Publications Administration, the Posts and Telecommunications Ministry, and the State Administration for Industry and Commerce recently jointly issued a "Circular on Enhancing the Management Of Internal Newspapers and Periodicals," and called on localities and relevant departments to coordinate and cooperate with each other in order to properly do a good job on rectifying internal newspapers and periodicals.

The designation internal newspapers and periodicals refers to the publishing of materials by an industrial or commercial sector, a trade, or a unit which holds "printing permits" to continuously publish noncommercial publishing materials used for guiding the work, exchanging experience and information within their

sector, trade, and unit. In recent years, some units have openly solicited subscriptions and sold internal newspapers and periodicals, and used internal newspapers and periodicals for such commercial activities as advertising and organizing social activities; some units have even distributed internal newspapers and periodicals to overseas, which created unfavorable consequences to the state.

The "Circular" issued by the CPC Central Committee Propaganda Department and others pointed out that publication of internal newspapers and periodicals should strictly abide by the stipulations set forth by the Press and Publications Administration's "Management Principles on Internal Newspapers and Periodicals." Relevant departments, particularly leading comrades, should enhance management over internal newspapers and periodicals in a down-to-earth manner. News and publication units should not publish or transmit information about news and advertising in internal newspapers and publications, nor publish or transmit news about social activities organized by internal newspapers and periodicals, nor publish or transmit news and articles carried in internal newspapers and publications.

The "Circular" called on local propaganda and press publications management departments to do a good job in examining, approving, and registering internal newspapers and periodicals. Approval should not be given to newspapers or periodicals which apply in the name of internal newspapers or periodicals with the intent to publish generally. Rectification should be carried out among those which have already been approved. Those deemed suitable for continuous publication should be managed according to the "Management Principles on Internal Newspapers and Periodicals" and their scope of publication and exchange should not overstep their own trades or sectors; they should not be put on public display, should not print sale prices on copies of newspapers or periodicals, should not be put on public sale, and should not engage in or take part in all kinds of business and social activity. Registration should be revoked if internal newspapers or periodicals continue to engage in various public activities; and copies of those internal newspapers and periodicals which have entered the market should be confiscated. For those news and publication units which continue to issue and carry news, the contents of their internal newspapers and periodicals should be strictly handled according to the relevant regulations on the management of newspapers and periodicals.

The "Circular" called on local industrial and commercial administrative departments to strictly examine before approving newspaper and periodical registration permits for newspapers and periodicals which apply to carry advertising or undertake other commercial activity. Approval should not be given to all internal newspapers and periodicals. Immediate rectification should be conducted among those internal newspapers and periodicals which have already been approved and

issued the "advertising business activity permit," the "temporary advertising business permit" and the "business permit" to engage in other business activity, and their permits should be revoked. Internal newspapers and periodicals which still carry advertising and undertake other commercial activities once their permits have been revoked should be punished according to the Industry and Commerce Management Law; local press and publication bureaus should also be notified to revoke their publishing registration.

The "Circular" called on local post and telecommunications departments to strictly examine the registration permits of newspapers and periodicals when accepting the mailing of newspapers and periodicals, the retailing or printing of mailed newspaper or periodical catalogues, and the solicitation of advertising by newspapers and periodicals. The "Circular" called on them not to accept the issuance and retailing of internal newspapers and periodicals.

More on Circular

HK1908062494 Beijing XINHUA Hong Kong Service in Chinese 1404 GMT 17 Aug 94

[Text] Beijing, 17 Aug (XINHUA)—The Central Propaganda Department, the State Press and Publications Administration, the Ministry of Posts and Telecommunications, and the State Administration for Industry and Commerce recently issued the joint "Circular on Strengthening Control Over Internal Newspapers and Magazines," which demands that relevant departments in various localities coordinate and cooperate with one another to properly clear up internal newspapers and magazines.

Internal newspapers and magazines are noncommodity and continuously published newspapers and magazines that have a "Permit for Printing," and are used to give guidance and to exchange experience and information in respective systems, trades, and organizations. It has been learned that at present, there are 5,000 internal newspapers and nearly 10,000 internal magazines in China. In recent years, some departments and organizations have fixed prices for internal newspapers and magazines, and have openly solicited subscriptions and sold them. They make use of internal newspapers and magazines for advertisement, business activities, and the organization of open social activities. Some even have sold them abroad, thus harming the country.

The circular of the Central Propaganda Department and other departments points out: The publication of internal newspapers and magazines should abide by the "Principle for the Control Over Internal Newspapers and Magazines" promulgated by the State Press and Publications Administration. Departments concerned—and leaders of these departments, in particular—should earnestly strengthen control over internal newspapers and magazines. Press units are forbidden to carry or broadcast information or advertisements concerning the

publication of internal newspapers and magazines, to carry or broadcast information on open social activities organized by internal newspapers and magazines, or to relay and broadcast information and articles carried in internal newspapers and magazines.

The circular urges propaganda departments, as well as news and publications control departments, in various localities to jointly do a good job in the examination, approval, and registration of internal newspapers and magazines, and not to give approval to the publication of internal newspapers and magazines that are actually put on sale openly.

The circular urges industry and commerce administrative departments in various localities to strictly examine and verify the registration certificates of newspapers and magazines of publication organizations which apply to engage in advertising and other business activities, and not to give approval if the newspapers and magazines are internal ones.

The circular urges postal and telecommunications departments in various localities to strictly examine and verify the registration certificates of newspapers and magazines when undertaking the distribution by mail of these newspapers and magazines, the retailing of them, and the printing and distributing of tables of contents and advertisements soliciting subscriptions to them. They are forbidden to accept the distribution and retailing of internal newspapers and magazines.

Statistics: Entry, Exit Registration Up in 1st Half
OW1808190294 Beijing XINHUA in English 1458
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—More people entered and left China in the first half of this year than in the corresponding period of last year, according to the China Customs.

Customs statistics show that a total of 49.427 million people entered and left China during the first six months of this year, an increase of 8.14 percent over the same period of last year.

Among them 44.633 million were Chinese citizens, and the rest were foreigners—up 7.81 percent and 11.3 percent, respectively, over the same period of last year.

Visitors from 238 countries and regions came to China for sightseeing, business, and scientific, technological and cultural exchanges.

Coastal Provinces Aid Three Gorges Resettlement
HK1908034594 Beijing ZHONGGUO XINWEN SHE
in Chinese 0713 GMT 17 Aug 94

[Report: "Coastal Provinces and Municipalities Go All-Out To Support Resettlement of People From the Three Gorges Area"]

[Text] Wuhan, 17 Aug (ZHONGGUO XINWEN SHE)—The resettlement of people from the Three Gorges area is fully supported by coastal provinces and municipalities.

According to sources concerned, coastal provinces and municipalities offer support to the resettlement of people from the Three Gorges reservoir area in accordance with the principle of supplementing each other's strong points, mutual benefit, and common development, of the market economy.

Shenzhen City has used part of its funds to set up a foundation for helping the poor and for specific needs of resettlement, and has provided a low-interest loan of 2.5 million yuan for the relocation of the Badong County Guesthouse from the Three Gorges reservoir area. The Shanghai Municipal Government has raised funds from its districts and counties for the donation of 10 Dongfeng Brand trucks to Yichang County. With these trucks as a basis, Yichang County has organized a Changhai Truck Transportation Company. The company has employed drivers and workers from among people to be resettled. The income of the company will be used for resettlement related to a project of economic development and for specific needs. The Jiangsu Provincial Government has issued documents to counties, cities, departments directly under the provincial authorities, and some enterprises and establishments under central ministries to raise funds to support the resettlement of people from the Three Gorges reservoir area.

According to statistics, Shanghai, Beijing, Tianjin, Jiangsu, Heilongjiang, Guangdong, Shandong, Hunan, Fujian, Zhejiang, Shenzhen, Guangzhou, and other provinces and cities have sent 41 teams or groups this year to the Three Gorges reservoir area to study and to hold negotiations. More than 200 agreements have been signed and 6.82 million yuan is already in place to help the resettlement of people from the reservoir area.

Report on Leaders' Activities 11-19 Aug
OW1908043894

[Editorial Report] The following reports on PRC Central leadership activities. The source is noted in parentheses after each report.

Wu Bangguo, Ren Jianxin Inscribe for Shanghai Court—The Shanghai Municipal People's Court marked its 40th founding anniversary at a commemoration meeting on 11 August. "Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal Party Committee; and Ren Jianxin, member of the CPC Central Committee Secretariat, secretary of the Central Political and Legal Affairs Commission, and president of the Supreme People's Court, inscribed messages for the meeting." (Shanghai People's Radio Network 11 Aug) PRC media monitored by Okinawa Bureau from 11 to 19 August 1994 carried the

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Minister Sun Jiazheng Inspects Radio Stations—On 11 August, Sun Jiazheng, minister of radio, film, and television, inspected the Shanghai Broadcasting Station and the Dongfang Broadcasting Station. He stressed during the inspection that people should not underestimate the role and potential of radio broadcasting, nor the responsibilities of radio workers in promoting reform and development and safeguarding social stability, at a time when television broadcasting is developing fast. (Shanghai People's Radio Network in Mandarin 2300 GMT 11 Aug 94)

Chi Haotian, Yu Yongbo Present Awards—Chi Haotian, member of the Central Military Commission [CMC], state councillor, and defense minister; and Yu Yongbo, CMC member and director of the General Political Department of the Chinese People's Liberation Army, attended the finals of the national tournament on defense knowledge, which took place at the China Central Television on 13 August. They also presented awards to the winning teams from Shandong, Jiangsu, and Beijing. (Beijing XINHUA Domestic Service in Chinese 1009 GMT 13 Aug 94)

Li Tieying Thanks Tibet for Hospitality—Li Tieying, in a letter dated 15 August 1994, thanked the Tibet Regional Party Committee and Government for the hospitality accorded him during his recent visit in Tibet to attend the ceremony marking the completion of the Potala Palace's renovation. Li Tieying said: "We were greatly impressed by the patriotism displayed by the vast number of cadres and masses in Tibet, as well as their support for the Central Committee and their high enthusiasm for building up Tibet—an enthusiasm inspired by the third forum on Tibetan affairs. On leaving Tibet, I, and colleagues who came from Beijing to Tibet on the same plane, wish Tibet greater prosperity. We also wish people in Tibet greater affluence and happiness." (Lhasa Tibet Television in Mandarin 1200 GMT 17 Aug 94)

Chen Xitong, Deng Pufang Hear Reports by Handicapped Athletes—Chen Xitong, member of the CPC Central Committee Political Bureau and secretary of the Beijing Municipal Party Committee; and Deng Pufang, president of the Chinese Federation for the Disabled, attended a meeting on 17 August to hear reports given by athletes who will take part in the forthcoming sixth

international sports meet for the disabled. After hearing the reports, Chen said that "handicapped athletes' perseverance, patriotism, and selfless dedication demonstrated the spirit of the 1.1 billion great Chinese people." (Beijing XINHUA Domestic Service in Chinese 0816 GMT 17 Aug 94)

Ismail Amat Inspects Xinjiang Prefecture—"Ismail Amat, state councillor and minister in charge of the State Nationalities Affairs Commission, inspected the Changji Hui Autonomous Prefecture on 17 August. He was accompanied by Aisihaiti Kelimubai, vice chairman of the Xinjiang Regional People's Government." Ismail Amat lauded the prefecture's rapid development in industry, communications, and transportation. He also praised the prefecture's good job in promoting unity and cooperation among people of all nationalities in the prefecture. (Urumqi Xinjiang Television Network in Mandarin 1340 GMT 18 Aug 94)

Ding Guangen Watches Computer Software Demonstration—"Ding Guangen, member of the CPC Central Committee Political Bureau and Secretariat and head of the CPC Central Committee Propaganda Department, watched a demonstration of computer software called 'The System for the Study of Deng Xiaoping's Theory of Building Socialism with Chinese Characteristics.' The demonstration took place this afternoon at the People's Liberation Army [PLA] College of Logistics Command. Present at the demonstration were Fu Quanyou, member of the Central Military Commission and director of the PLA General Logistics Department, and leaders of the PLA General Political Department, the General Logistics Department, the Central Propaganda Department, and the PLA College of Logistics Command." Prior to the demonstration, Zhou Keyu [political commissar of the PLA General Logistics Department] gave a briefing about the software's development. (Beijing XINHUA Domestic Service in Chinese 1203 GMT 18 Aug 94)

XINHUA Reports Expansion of Xiamen-Taiwan Trade

SK1908080394 Beijing XINHUA Domestic Service in Chinese 1913 GMT 18 Aug 94

[By reporter Cai Guoyan (5591 0948 0754): "Xiamen-Taiwan Trade Is Becoming Increasingly Brisk"]

[Text] In recent years, trade contacts between Xiamen and Taiwan have experienced the change of developing from small to large volume and from indirect to direct trade.

Xiamen began doing business with Taiwan in the early 1980's. Along with the increased investment by Taiwan traders, the expansion of the Shapowei anchorage ground for Taiwan vessels, and the establishment of the transfer trade channels in Hong Kong, the trade between Xiamen and Taiwan has continued to develop. The volume of trade has developed from small to large, and means of transport has changed from small vessels to

large cargo vessels for special use. Transaction volume of single trade items has risen from tens of thousands U.S. dollars to about 1 million U.S. dollars. Last year, the total volume of the trade between Xiamen and Taiwan amounted to about \$300 million.

In Xiamen, there are several hundreds of companies that are doing business with Taiwan compared to the few in the beginning. In addition to the three companies entitled to conduct a large amount of trade with Taiwan, over 200 trade companies with import and export management rights have also conducted indirect trade with Taiwan in varying degrees. Meanwhile, the trade between Xiamen and Taiwan has flourished all the more because hundreds of Taiwan-invested enterprises in Xiamen have purchased raw and auxiliary materials from Taiwan and then resold finished and semi-finished products to Taiwan. Owing to the increasingly frequent trade contracts between Xiamen and Taiwan, the situation of shipping the goods to each other by way of a third point has increasingly not been able to meet the demand of development. Last year, some cargo vessels directly shipped goods to Taiwan after going through customs formalities at a third place, thus saving time and money. As concerned figures are appealing, direct trade between the two sides of the Taiwan Straits should be realized as quickly as possible to keep abreast of developments in the situation.

Science & Technology

Fiber-Optic Cable To Boost Communications in Northwest

HK1908064394 Beijing CHINA DAILY in English 19 Aug 94 p 1

[By Gao Jinan: "Fibre-Optic Cable To Improve NW Telecom"]

[Text] The days of jammed telecommunications to the northwestern provinces and autonomous regions are numbered, thanks to a high-capacity, fibre-optic cable that is scheduled to go into official operation next month.

The 3,130-kilometre cable—which runs from Xian in Shaanxi Province, to Lanzhou in Gansu Province and on to Urumqi in the Xinjiang Uygur Autonomous Region—has been completed and went into trial operation yesterday.

Experts and technicians are busy testing the cable to guarantee smooth telecommunications service for the Third Urumqi Trade Fair scheduled for next month, according to an official from the Ministry of Posts and Telecommunications.

The fibre-optic cable, which cost 792.6 million yuan (\$92 million), will initially provide 64,080 long-distance lines.

The project was partially funded with \$39.53 million in governmental loans from Australia. In return for the

funds, the fibre-optic cable and some other equipment were imported from Australia.

At present, there are only 50 telephone lines and 216 satellite telecom lines linking Urumqi with other parts of the country. Customers constantly complain that "nothing is more difficult than making a call to Urumqi," the official said.

Statistics from the ministry showed that only 3 per cent of phone calls to Urumqi could be connected, greatly restricting economic development in the northwestern part of the country, particularly Xinjiang.

The official said that construction of the project, which started in April, is incredibly difficult because almost the entire length of the cable traverses boundless gobies [areas of sedimentary deposits] and deserts.

The cable will serve as part of the proposed 16,000-kilometre Asia-Europe optic cable, running from Shanghai to Frankfurt through 11 countries including China, Kazakhstan, Iran, Ukraine, Poland, and Germany.

The official said that the Xian-Lanzhou-Urumqi line is one of 22 trunk fibre-optic cables which will eventually form a highly efficient telecom network across China.

The Xian-Chengdu and Beijing-Shenyang-Changchun-Harbin optic cables were finished and put into trial operation last month.

At present, 38,660 kilometres of trunk optic cables are in operation across the country.

The ministry expects that \$7 billion in foreign investment and loans will be used by the year 2000 to assist in the construction of the network.

The ministry's planned investment in the sector this year is 53.6 billion yuan (\$6.2 billion), a marginal increase over that of last year.

It is estimated that the switchboard capacity of the telephone network will reach over 140 million lines by the year 2000.

Scientific Study Makes Progress on Studying Coast

OW1908032294 Beijing XINHUA in English 0245 GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—Results of the latest study of coastal zones by Chinese scientists will provide more information for the study and inference of the ancient climatic environment.

The study, launched by the Institute of Oceanography and Geology under the Chinese Ministry of Geology and Mineral Resources, concerns China's seashore changes in the late quaternary age, which dates back two million

years and refers to the latest period in the earth's development. The project also includes geological study of natural disasters.

Researchers discovered and marked off 11 sections of coastal wind-drift sand deposits from late secondary glacial age sedimentation for further study in the field.

From the 11 sections, Chinese scientists found that any section is a mixed one of soil and carbonic silt layers. The discovery together with other finds will provide evidence for the desertification of continental shelves and for the existence of wind-drift sand deposits in the late secondary glacial age as well.

They also found several soil layers with fossils of terrestrial snails in the shell ridges, which provided new evidence that the shell ridges were formed 30,000 to 50,000 years ago.

The scientists believe that recollating ideas on beach rock formations will help them to infer the climatic environment in ancient times accurately.

Economic & Agricultural

Zhu Rongji Addresses Forum on National Economy

OW1908143194 Beijing XINHUA in English 1403
GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—Zhu Rongji, vice-premier and president of the People's Bank of China (PBC), said that a major task of the economic work in the second half of this year is to concentrate on the rectification of circulation links and price stabilization.

At a national forum in Beidaihe, Hebei Province, on August 15 attended by all the branch heads of the PBC, Zhu stressed that macro control and regulation should be further strengthened in banking work, financial order earnestly consolidated and financial system reform deepened.

Zhu said that major reform measures involving finance and tax, foreign currency, foreign trade and investment have all been carried out in the first half of this year, and have all been going smoothly. Contradictions caused by over-heated increase of investment have been gradually alleviated and price hikes have been controlled, but the economic development speed still maintains a fairly high level.

In the first half of this year 8.3 billion yuan was withdrawn from circulation, and the currency put in circulation was 61 billion yuan less than the same period of last year. The issuing of currency has been effectively controlled. While 110 billion yuan in state treasury bonds was issued, the first half of this year saw an increase of 314.6 billion yuan in savings deposits in both urban and

rural areas, 183.1 billion yuan more than in the same period of last year, Zhu said.

He said that the unification of the foreign exchange rate has been successfully carried out, and the exchange rate of the renminbi remains basically stable. By the end of July the state's foreign exchange reserve increased to 14 billion U.S. dollars compared with the beginning of the year, up 70 percent.

All these facts show that the present economic situation is developing for the better, and the whole people are giving their trust and support to the central party committee and the State Council's decision to strengthen macro control and implement socialist market economy reform, according to Zhu.

He said that although the investment increase rate fell somewhat in the first half of this year, the general scale of projects under construction is still large. Inflation control is the key to economic development, reform and opening in the coming few years.

The shortage of funds for some enterprises was mainly caused by their stockpiled goods which were not able to meet consumers' needs. Measures should also be taken to reduce stocks of steel and petro-chemical products as a result of excessive import, according to the vice-premier.

Talking about the reform of the financial system, Zhu said that commercial bank reform should make critical strides. Urban co-operative banks should be organized on the basis of rectifying the existing non-bank monetary organs and standardizing urban credit co-operatives. The reform of the central bank will be further deepened as well.

Zhou Zhengqing, vice-president of the PBC, also made a speech at the forum. He warned all the leaders of banks, PBC branches and insurance companies of the danger of inflation. He stressed that the amount of loans from the state bank and currency issues must be firmly kept within the state's plan, which is the key to controlling inflation in the second half of the year.

He also urged all the banks to improve their service in a bid to draw more circulating funds to alleviate the pressure of inflation.

Li Lanqing Inspects Tianjin's Textile Industry

SK1908064294 Tianjin People's Radio in Mandarin
2300 GMT 18 Aug 94

[Text] Li Lanqing, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, inspected Tianjin's textile industry and conducted investigation and study activities. He called on the textile enterprises in difficulty to adopt the principle of rescue, treatment, and recuperation and exert efforts for several years to reestablish their good image and regain their prestige.

On 17 August, Li Lanqing together with Wu Wenying, chairwoman of the China Textile Federation, and Shi Wanpeng, vice minister in charge of the State Economic and Trade Commission, inspected Tianjin's Nos. 1, 4, and 6 Cotton Mills, the (Renmin) Woolen Mill, the Tianjin Knitwear Plant, and the Tianjin Printing and Dyeing Mill in the company of Gao Dezhan, secretary of the municipal party committee, Zhang Lichang, mayor of Tianjin, and Li Huifen, standing committee member of the municipal party committee and vice mayor. On the morning of 18 August, they again held a discussion with the municipal textile bureau and directors and managers of some textile enterprises to hear reports on the current situation, problems, general strategic target, and specific matters of Tianjin's textile industry. After hearing the reports, Li Lanqing said: Tianjin's textile industry has a long history and has made great contributions, enjoying high prestige. It is a large textile goods producer of the state and has accumulated a great amount of funds for the state. Meanwhile, it has trained a contingent of staff and workers with a good work style. Although it has encountered difficulties in the process to transform systems, it has adopted every possible means to overcome the difficulties and worked hard to achieve good results thanks to the leadership of the municipal party committee and government.

Li Lanqing said: The State Council attaches great importance to the textile industry. It issued a document on it recently. All localities and departments concerned should conscientiously implement the document. We should apply the principle of rescue, treatment, and recuperation to the textile industry. Tianjin has done a great amount of rescue work. It should, however, ensure key state-owned large- and medium-sized enterprises. The textile industry now faces an excellent moment to seize the opportunity to conduct adjustment. Judging from the overall situation, the adjustment should be conducted in such a way that the quintessence is preserved and the backward is eliminated. We should eliminate the backward equipment and backward products. We should provide favorable conditions for key enterprises to seek development and improvement so that they can become even stronger as soon as possible.

State Enterprises Retain 'Leading Role' in Economy

OW1808113394 Beijing XINHUA in English 1116
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—State-owned enterprises, particularly major ones, are still playing a leading role in China's economy, according to the state statistics bureau.

An official of the bureau said that such enterprises will remain a principal source of the expansion of the country's economy as a whole.

China currently has nearly two million such enterprises, 26.8 percent of all kinds of businesses, he said.

But registered capital of such enterprises accounts for 60 percent of the total for all kinds of businesses, while the number of people employed by them comprises 42 percent of the total hired by all kinds of businesses.

Furthermore, state-owned enterprises contribute to roughly 60 percent of China's annual industrial output value, the official said.

Such enterprises account for at least 80 percent of output value in four industries, he said.

He added that they provide almost 100 percent of output value in the petroleum and natural gas industry, 94.5 percent in the petroleum refining industry, 91.3 percent in the tobacco processing industry and 82 percent in the power industry.

They also contribute to at least 50 percent of the output value in 12 industries, including nonferrous metal smelting and processing, chemical fibers, logging, tap water production and supply, coal mining, salt making, transportation equipment production, coking, chemicals and pharmaceuticals.

"State-run enterprises have been growing steadily in the course of the reform and opening to the outside world," he said.

For example, the net value of their assets soared to 3,069.7 billion yuan in 1992 from 545.7 billion yuan in 1985, or an increase of 460 percent.

Major state-owned enterprises comprise almost 66 percent of the total value of fixed assets of all kinds of businesses and provide nearly 49 percent of the country's industrial output value, the official said.

Profits and taxes generated by such enterprises account for 70 percent of the total generated by all kinds of businesses, he said.

Officials Urge Improvement in Workers' Skill Levels

OW1808112594 Beijing XINHUA in English 0834
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—Some 80 million young workers, about 60 percent of the work forces in China's enterprises, have been urged by a human resources development program to become able laborers to safeguard economic growth.

The program is being co-initiated by China's Youth League, the State Economic and Trade Commission, and the Ministry of Labor.

The young workers' competence decides whether an enterprise will be prosperous and a country's economic construction will be successful, as most of the young workers are directly engaged in production.

The fact is that many of today's young people are so poorly trained that they combine good products with

those of inferior quality, they often cause safety hazards, and they create very low economic returns.

Fostering an army of very capable young workers is of immediate and far-reaching significance for China, which is gearing up to be an economic power in the 21st century.

As a modern enterprise system to ensure a vibrant economy is being established, the lack of highly-competent young people seems even more serious, said Wang Huaiyuan, deputy secretary of the provincial committee of the Chinese Communist Party in northeast China's Liaoning Province.

The modern enterprise system cannot operate smoothly when there are not enough people with highly-professional ability participating in the process.

Some provinces, including Liaoning, northwest China's Gansu, central China's Hubei and south China's Guangdong, have put training young laborers on the list of major economic targets.

Zhang Gaoli, vice-governor of Guangdong, said that the province's successful story indicates that more attention should be paid to laborers' competence as the economy grows at a faster speed.

Campaign Launched To Promote Domestic Products

OW1808120094 Beijing XINHUA in English 1138
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—China is launching a national sales promotion of domestically-made name brand products starting from the first day of September in over 300 major shopping centers, in 105 large cities across the country.

The sales promotion aims to give a boost to reforms of the commodity flow system, will help crack down on fake and shoddy products and increase the competitiveness of Chinese enterprises.

It is jointly sponsored by the Ministry of Internal Trade, the State Economic and Trade Commission, the Ministry of Electronics Industry, China National Textile Council, China National Light Industry Council, the State Bureau of Technical Supervision and China National Consumers' Association.

After the 30-day sales promotion ends on September 30, the government departments and organizations will pick ten bestsellers from each of 100 kinds of products on sale and falling into eight categories ranging from family-use electrical appliances, garments, textile products, general merchandise, stationery, shoes, foodstuffs and kitchen facilities.

According to the State Statistical Bureau, China's retail sales volume in social commodities in the first seven months of this year reached 843.9 billion yuan, a rise of

26.2 percent over the same period last year. July's increase has accelerated and a brisk rural market has been maintained.

Intellectual Property Appraisal Office Founded in Beijing

OW1908083894 Beijing XINHUA Domestic Service in Chinese 1100 GMT 17 Aug 94

[Text] Beijing, 17 Aug (XINHUA)—The Liancheng Property Appraisal Office—China's first business firm set up by a state organization to appraise intellectual property rights—has been approved to open in Beijing, and the office has started to accept appraisal business.

The China State Patent Bureau, to implement the State Council's "Decision on Intensifying the Protection of Intellectual Property Rights," decided to set up the office to "take part and guide the appraisal of intangible assets, especially the appraisal of intellectual property rights"—an assignment handed down from the State Council.

The office will primarily concern itself with appraisal of intangible assets, such as patents, trademarks, copyrights, and computer software. The office has so far received more than 100 clients and over 30 firms inquiring for appraisal services, and it has signed nearly 10 appraisal agreements.

Officials Praise Achievements of New Taxation System

OW1808210494

[Editorial Report] Beijing Central People's Radio Network in Mandarin Program One at 1410 GMT on 14 August begins broadcasting a 30-minute "Financial and Economic Law Forum" program, co-sponsored by the Network's theoretical department and China International Economic Consultants Incorporation (CIECI) of Beijing. The "forum" is hosted by (Wang Danyan) of the Network and (Cai Weiping) of CIECI. Three guests are present at the forum. They are: (Liu Kefu), director of the taxation department of the Ministry of Finance; (Li Jianguo), deputy director of the Department of Macroeconomic Regulation and Control under the State Council's Development and Research Center; and (Chong Ming), director of the Financial, Economic, and Trade Department of the State Council's Research Office. All three guests praise the achievements made in the reform of the taxation system in the first half of this year.

On the success of the new taxation system, (Liu Kefu) describes the results of its implementation as better than expected, and says that the new taxation system has played an important role in five respects: 1) it promotes fair competition among enterprises and promotes adjustments in the operating mechanisms of state-owned enterprises; 2) it lays a foundation for the revenue-sharing system; 3) it facilitates the government's macroeconomic regulation and control; 4) it helps open China wider to the outside world; and 5) it promotes economic

development and social stability and unity. He cites some examples and gives some explanations to support his views.

(Li Jianguo) discusses the role of the new taxation system in the readjustment of the industrial structure and in curbing excessive investments. He says that the new taxation system, under which tax payments must be made before loan repayments, helps curb excessive investments in fixed assets, as shown in a recent investigation conducted by his office on the reform of the taxation system in Guangdong, Jiangsu, Shanghai, Hubei, Anhui, Guangxi, Sichuan, and Shandong; he says that this is because the new tax law makes enterprises think twice before borrowing money for building new projects. Citing the efforts to reduce excessive local small tobacco plants and small wineries, which use to be a major source of local revenue, he explains how the new taxation system works in readjusting the industrial structure. Since the central government receives the largest share of value-added tax and consumption tax on tobacco and wine under the new taxation system, local governments are no longer motivated to encourage the development of small tobacco plants and small wineries.

(Cai Weiping) says the new taxation system is designed to promote the development of energy, transport, raw and processed materials, and high-technological industries, and to curb excessive investment in less important industries.

(Chong Ming) discusses the impact of the new taxation system on state-owned enterprises. He says: Since its implementation, the new taxation system has played a crucial role in promoting fairness in the tax burden among enterprises, particularly among state-owned enterprises. State-owned enterprises still shoulder other heavy burdens in addition to the tax burden. While the state still has financial difficulties, it cannot grant more tax reductions to state-owned enterprises, but it continues to allow them to enjoy the preferential tax reductions granted them under the old system. In the future, we should strive to reduce the special, preferential treatment given to certain sectors, because the basic principle of taxation is fairness, and striving for fairness in taxation is an international practice. In this regard, preferential tax treatment should not be offered to attract foreign investment, either.

B-Share Market Reportedly To Open to Domestic Investors

*HK1808123994 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1253 GMT 15 Aug 94*

["Special Feature" by Hong Wen (3126 2429): "China Plans To Open B-Share Market to Domestic Investors To Encourage Public To Trade in Stock Market"]

[Text] After introducing measures to allow foreign investors to trade in the A-share market under certain conditions, China is planning to open the B-share market to

domestic investors who possess hard currency. According to one expert's analysis, the policy adjustment characterized by "taking into account only money rather than human beings" suggests the authorities are making great efforts to create a "catching ball" mechanism focusing on increasing demand in the stock market in an attempt to ensure the sustained development of the stock market. Some Hong Kong stock market analysts, however, point out that the mainland policies on A and B shares are less stable, adding that it is necessary to strengthen overall planning.

As disclosed by ZHONGGUO ZHENGQUAN BAO [CHINA SECURITIES NEWS], China is planning to rename B shares as "domestically listed foreign-invested shares" and to open the market to domestic investors with hard currency in hand.

China has recently made a series of policy adjustments in respect of the stock market and has made a big step forward in curbing supply and increasing demand. Professor Xiao Zhuoji from the Beijing University Economics Institute said that it was a relatively negative provisional measure to artificially restrict the number of listed companies and the quantity of shares on offer. What matters is stimulating demand for shares while increasing supply. The latter can be likened to "serving balls" and the former as "catching balls." The main problem with China's stock market is that while the "serving ball" mechanism has been established and quite a few balls have been served, no necessary policies and operational procedures have been introduced to create a mechanism for "catching balls." As a result, the shares issued could not be absorbed by the public, he added.

Xiao believes that it is necessary to establish a "catching ball" mechanism focused on increasing demand. Apart from promoting the development of investment and joint-venture funds and allowing enterprises to invest secured loans from commercial banks in trading shares, the government should encourage the public to trade in the stock market to expand the ranks of share traders. It was improper to classify mainland shares as A and B shares. It is necessary to implement the principle of "taking into account only money rather than human beings." He admitted, however, that B shares will not converge with A shares until the renminbi has become freely convertible, which will be achieved in stages.

But some people in Hong Kong securities circles say that there are many gray areas in the new policy and that the new policy does not correspond with the former decision to divide shares into A and B shares. Lo Cheung-kok, a director of South China Brokerage Company Limited, pointed out that the prospects and policy for A and B shares have yet to be clarified and the new policy contradicts the previous one. This indicates that the authorities' overall planning leaves something to be desired. He suggested that the mainland authorities should draw on the experience of other countries in Asia

such as Thailand, India, and South Korea in issuing A and B shares so that China's stock markets will grow in a sound way.

Banks Reportedly Decide To Raise Interest Rates

HK1808110894 Hong Kong MING PAO in Chinese 16 Aug 94

["Special report" by special correspondent Wang Yang (3076 3152): "China Plans To Raise Bank Interest Rates Once Again by Less Than 2 Percent To Ease Inflation"]

[Text] A national meeting of branch presidents of the People's Bank of China [PBOC] concluded yesterday. As disclosed by a reliable source, the meeting decided to raise bank interest rates again at an opportune moment this year to deal with inflation that has remained high up to now. This will be the third increase in interest rates since macroeconomic regulation and control was begun in China last year.

It has been learned that the national meeting of PBOC branch presidents, which began on 12 August, ended yesterday. The meeting summed up the current economic and financial situation in China, and PBOC president and Vice Premier Zhu Rongji delivered an important speech at the meeting.

As disclosed, the meeting maintained that the current high inflation is still the major problem in China's economy. Hence, in the second half of this year, apart from strictly controlling monetary policy as a whole, China will raise interest rates once again at a suitable moment in a bid to spare no effort to control inflation within 15 percent. This will be the third interest rate increase in China since the implementation of macroeconomic regulation and control last year. According to the source, the margin of increase will not exceed 2 percent.

It has been learned that China raised its interest rate on fixed deposits by 2.18 percent and its average interest rate on loans by 0.82 percent on 14 May 1994. In July last year, China raised its interest rates again so that interest rates on fixed deposits and loans increased by 1.72 and 1.38 percent respectively. The interest rate adjustments on these two occasions were aimed at reversing the sharp decline in bank deposits and a rapid surge in inflation in various localities. Later, China began to rectify the monetary order and practice macroeconomic regulation and control in a comprehensive way.

At present, the interest rate on current account deposits is 3.15 percent, and for fixed deposits of between one and eight years they are between 10.98 and 17.1 percent. Interest rates on loans, however, are between 9 and 10.98 percent.

The source pointed out: Zhu Rongji stressed at the meeting that no new reform measures will be introduced in the second half of this year and efforts will be

primarily concentrated on microeconomic readjustments, which will include the following two aspects: 1) Persisting in stringent macroscopic money control, granting loans in an appropriate "fine-tuning" way to enterprises with good economic results and a remarkable ability to earn foreign exchange through exports, and exercising strict control over fixed-asset investment. 2) Accelerating reform in state-owned enterprises and taking the bankruptcy experiments as the impetus to promote readjustment of the industrial structure.

Personalities in economic circles in China have universally adopted a pessimistic attitude toward inflation this year, as it still remains at 19.8 percent for the first half of the year and exceeded 20 percent in all of the big cities. People generally believe that if China succeeds in controlling the amount of currency in circulation in the second half of the year, inflation this year will be limited to approximately 15 percent, although it cannot reach the 10-percent level proposed by Premier Li Peng. These people in economic circles maintain that increasing interest rates will be conducive to easing inflationary pressure.

However, increasing interest rates will batter China's stock markets, which are picking up at present. Chinese securities' circles pointed out: Earlier, the China Securities Regulatory Commission announced four measures to stop the slump in share prices, which have basically stabilized the sliding trend in the markets. Consequently, these four measures can be regarded as preparations for an interest rate increase. In the absence of these measures, China's stock markets would face the onslaught of rising interest rates and could face total collapse.

Economist Urges Reform of Interest Rate Structure

HK1808105794 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1203 GMT 3 Aug 94

[Text] Beijing, 3 Aug (ZHONGGUO TONGXUN SHE)—The well-known economist Liu Guoguang pointed out a few days ago that the present inflation has made bank interest rates on the mainland negative, and that the effect of negative interest rate runs counter to the objectives of macroeconomic regulation and control now being practiced on the mainland.

In Liu's opinion, raising interest rates would be of real benefit to mainland residents, because they will not deposit their money if the negative number is too big and the period of negative interest is too long. As a matter of fact, a considerable portion of enterprises can tolerate higher interest rates. Otherwise, how can we explain why people still dare to borrow in the market at interest rates of 30 percent?

Liu Guoguang also maintains that in order to make interest rates really reflect the demand-supply condition of funds and to restrain inflation by means of interest rates, it is necessary to let interest rates fluctuate with the

market. Of course, reform of interest rates should be coordinated with other reforms, and process is needed to make interest rates fluctuate with the market. The practice of using credit lines to control loans can only be changed gradually to regulate the demand and supply of funds by means of interest rates.

All Entities Except Tibet Set Up Local Tax Offices

OW1808111494 Beijing XINHUA in English 0805
GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—All the 29 provinces, municipalities and autonomous regions, except Tibet, have set up offices to collect local taxes, according to "CHINA SECURITIES NEWS".

The move is aimed at boosting state revenue by separating central and local levies.

The new system has replaced the contractual system which was introduced since China began economic reforms and opening up.

By the new system, the central government is to collect regulatory tax and income tax from state enterprises while local governments are to cover their own expenses through levies on income tax from collective and regional state enterprises as well as administrative duties, and the central and local governments will share income from business and value-added tax.

State Council Regulations on Overseas Listings

HK1908065794 Hong Kong SOUTH CHINA
MORNING POST in English 19 Aug 94 pp 1, 2

[By Foo Choy Peng and Renee Lai]

[Text] China yesterday announced a package of its first national laws governing Chinese companies issuing shares abroad. The State Council's 30-point "Special Regulation on Shareholding Companies Issuing Shares and Listing Abroad" will help clarify some grey areas in overseas flotations which emerged during the listing of the first batch of nine companies in Hong Kong.

The code generally makes it more convenient for companies to issue shares outside China while ensuring that they comply with minimum corporate standards. But while plugging existing loopholes, it also contains clauses wide open to interpretation.

"It's not enough just to rely on the new regulation because it appears as a conceptual framework," said Baker & McKenzie lawyer Leung Cheuk-yan. He expected some inadequacies of the regulation would be complemented by Hong Kong's Mandatory Provisions on the articles of association governing Chinese companies already listed in the territory.

Herbert Hui, head of listing at the Hong Kong Stock Exchange, said the exchange was studying the regulations to see if amendments were needed to Hong Kong rules.

And it is understood securities authorities in Hong Kong and China are discussing a revision of Mandatory Provisions.

Key points of the new laws are:

- State enterprises to be restructured into shareholding companies for listing abroad can have fewer than five promoters;
- Forty-five days' notice is needed to convene an annual general meeting;
- A second fund-raising exercise may be done within 12 months; and
- A quorum of 50 per cent of voting rights is needed for an annual general meeting.

Hong Kong auditors say that in some instances the code is more stringent than that in Hong Kong or other international markets.

Supplementing the Company Law, the code, signed by premier Li Peng, came into immediate effect, suggesting that the 11 H-share companies listed in Hong Kong will have to amend their articles of association to comply with the new rules.

Its publication yesterday also means that the 18 companies in the second batch of Chinese enterprises approved by the China Securities Regulatory Commission—the country's national securities watchdog—can now speed up their flotation plans.

Until its publication, some enterprises decided to hold back their listing plans to minimise disruption to their corporate restructuring necessary for the flotation.

"We welcome the regulation as it clarifies several ambiguities about overseas listing by the Chinese enterprises but, at the same time, it also raises some questions," said Kenneth Lam, a partner of accountancy firm Price Waterhouse.

Mr Leung said he appreciated the clear definition of overseas-listed stocks, which were not mentioned in the Company Law.

Interestingly, the code makes no mention of B shares, which are issued to foreigners by mainland companies listed in Shanghai and Shenzhen.

Mr Lam said while the code eased the existing practices for flotation in some areas, it tightened areas such as the rules for annual general meetings and the appointment and removal of auditors.

Among the areas eased is the requirement that enterprises being restructured into shareholding companies for listing abroad may now have fewer than five promoters, which is less stringent than the Company Law.

Under the Company Law, the first corporate framework for shareholding companies which came into effect last month, the requirement is no fewer than five promoters.

Another flexibility is to allow companies to launch a second fund-raising exercise in less than 12 months after the first share issue.

A director of a local merchant bank said this was probably intended to address an inconvenience faced by the current H-share companies, which have to seek approval from securities authorities to launch initial public offers.

Under the current practice, state enterprises converted to shareholding companies will have to issue shares to the original shareholders. And when they seek listing abroad, they have to seek a waiver from the Company Law, which does not permit two fund-raising exercises within 12 months.

"But from the reading of the code, they seem to have gone further to allow companies to raise funds ever after the initial public offer," said the director of the merchant bank.

Mr Lam pointed out the code devoted a huge chunk to corporate governance and the fiduciary duties of directors. "This is something we strongly welcome."

But he added that the requirement that companies must give a 45-day notice of the annual general meetings was significantly more stringent than the Hong Kong practice, which is 21 days.

Mr Leung said the regulation did not fully address the issue of dividend payment and the mechanism of holding shareholders' meetings.

It also did not spell out the exchange rate at which the dividend would be translated, while the quorum is maintained at 50 per cent of a company's voting rights, which was considered stringent.

Paper Discusses Foreign-Funded Enterprise Regulations

HK1908062594 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Aug 94 p 8

[Letter and response from staff editor's "Hotline Response" column: "New Regulations on Imports and Exports of Foreign-Funded Enterprises"]

[Text] Dear Editor:

I learned that the foreign trade ministry has formulated regulations for foreign-funded enterprises. Please tell us the details of the regulations.

[signed] Zhang Yu from Fujian Dear Comrade Zhang Yu:

I acknowledge the receipt of your letter. The reply regarding the foreign trade ministry's regulations for foreign-funded enterprises is as follows:

According to the Law on Chinese-Foreign Equity Joint Ventures, and other relevant laws and regulations, foreign-funded enterprises can export only the products it produces, and import only the machinery, raw and semi-finished materials, and parts and components it requires for its own production purposes. Except with the approval of the department concerned, it is not allowed to purchase or act as an agent for the export of the products of another enterprise, nor is it allowed to sell or exchange its imported goods domestically.

Where the exports of a foreign-funded enterprise require an export license, it must be approved by the Ministry of Foreign Trade and Economic Cooperation, and its annual export volume must not exceed that specified in the export plan for licensed goods for that fiscal year. No foreign-funded enterprise is allowed to purchase a license from a foreign trade company for export purposes. If they are discovered to have done so, both the buyer and the seller will be penalized.

The foreign exchange allotted to the Chinese party to a Sino-foreign joint venture or contractual joint venture should be settled and turned over to the authorities in accordance with relevant regulations. It is necessary to prevent some foreign trade enterprises from retaining their foreign exchange through the exports of the foreign-funded enterprises they have set up.

In setting up, and in examining and approving foreign-funded projects, all localities must continue to make it a point to set up exporting enterprises, and to encourage and support enterprises to expand foreign exchange earnings through exports so that they will have a balanced foreign exchange budget and that the percentage of homemade raw and semifinished materials, and of spare parts and components, will be increased gradually.

[signed] The editor

Ministries Order More Fire Safety at Foreign Firms

OW1908134094 Beijing XINHUA in English 1248 GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—The Public Security Ministry and the Ministry of Labor have jointly issued a fire-control order to the whole country in the face of the ever-worsening situation of fire accidents in the factories of overseas-funded enterprises.

"The legal person will be solely responsible for every fire accident in an enterprise," the order says.

Foreign investors and those from Taiwan, Hong Kong and Macao will have to observe China's safety laws, regulations and technical standards. Moreover, they will be obliged to accept supervision and management by the fire-control branches of public security bureaus, it says.

The two ministries noted that those enterprises "have played an active role in the country's economic construction," saying that most of them are law-abiding investors who pay attention to work safety.

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"But a few of them have broken the rules," they say in the circular.

"Some local governments have lowered the safety standards on purpose, in defiance of the law, as a means to attract overseas investment, which has led to a great number of fire accidents, severe casualties, property losses and a public outcry."

The Public Security Ministry said earlier that a record number of 38,000 fires broke out in 1993. They resulted in 2,467 deaths, 5,977 injuries and 1.12 billion yuan in direct economic losses, up 27.4 percent, 76.4 percent, 62.3 percent from the previous year.

Of the 206 major fires last year, it said, 10 percent broke out in overseas-funded enterprises. Guangdong, China's most prosperous province and the one with the most foreign investment in the country, also took the lead in fire accidents—29 major fires broke out last year.

The circular says the province is taking steps to eradicate all possible causes of such fires to improve its investment environment and fire safety conditions.

Meanwhile, statistics show that the number of overseas-funded enterprises in China was 170,000 by the end of 1993, with a total investment of 382.4 billion U.S. dollars from 146 countries and regions.

Report Notes First Half Increase in Exports

OW1908140994 Beijing XINHUA in English 1337 GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—China's exports are facing an arduous job of reaching the goal of 100 billion U.S. dollars-worth a year, although exports in the past half year have been increasing rapidly.

According to statistics from the Chinese customs, the export volume in the past seven months amounted to 30.78 billion U.S. dollars-worth, 45 percent more than that of the same period of last year.

An official with the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) pointed out that the reasons for the high-speed increase of China's exports are as follows:

- Major reform measures have been adopted this year in the fields of finance, taxation, planning, foreign currency and foreign trade, which have enhanced the development of China's foreign trade, especially exports.
- The sustained, rapid and healthy development of the national economy has provided a sound basis for expanding exports.
- The increase of exports to Africa, Latin America, Australia and Southeast Asia surpassed the country's average; exports to neighboring countries also saw a rapid development. In addition, the qualities of the export commodities improved.

—The recovery of the world economy and the great demand in the international market have provided China with opportunities to expand exports.

However, there are also factors that restrain China's exports:

- Rises in domestic prices, especially in those of raw materials, led to a rapid rise in export costs, which seriously weakened the competitive capacity of China's exports in the international market.
- The imbalance between loan and export levels and fund shortages directly influenced the growth of China's exports.
- The increasing demand in the domestic market for some commodities reduced the number of goods for export.
- The practice of trade protectionism by some countries has thrown obstacles in the way of China's exports. It is predicted China would lose two billion U.S. dollars in exports because of this factor.

In a telephone conference today MOFTEC Minister Wu Yi urged foreign trade departments at all levels to deepen reforms and relieve capital shortage in the foreign trade sector in order to fulfill the export goal for this year.

Commentary on New Trends in Foreign Investment

HK1908135394 Beijing ZHONGGUO XINWEN SHE in Chinese 1102 GMT 27 Jul 94

["Commentary" by Dong Hui Feng (5516 2585 1496): "New Trend of Investment in Mainland China by Hong Kong, Taiwan and Overseas Consortiums"]

[Text] By bringing together the latest statistics from the economic and trade departments of all provinces and cities, we find that in the first half of this year investment in the mainland by Hong Kong, Taiwan, and foreign corporations continued to see a fine trend of development. A new sign is that small and medium-sized cities and rural townships and towns, which previously have been paid no attention, are increasingly being seen as good opportunities for business people from outside the borders.

The U.S. Dupont Company is now planning and preparing \$200 million to establish an enterprise to produce polyester resin chips in the small town of Huashe in western Zhejiang. Prior to this, this small town had already established 15 equity joint ventures with businesses from Hong Kong, Taiwan, and the United Kingdom.

Also, according to statistics from the three cities of Suzhou, Wuxi and Changzhou, one-quarter of the township and small town enterprises in that region have become equity joint ventures. Economists estimate that

in the small towns and townships spread along the coast, there are up to 1,000 vigorous joint-venture enterprises.

At the same time, in the major cities of Shanghai, Beijing and Guangzhou, a trend has already appeared for foreign businesses to move away from the urban areas and into the suburbs.

Analysts note that with foreign businesses flocking to the big cities, prices of offices and land have risen and, that, in some spheres, the space for investment is nearly saturated. This is one of the basic reasons for the strategic shift by foreign businesses to the suburbs and small towns and townships.

From January to June this year, as some foreign businesses have taken a wait-and-see attitude in respect of the new tax system which has been implemented in the market, the number of foreign-funded enterprises newly registered in the various provinces and cities in the first half of the year has not seen a great increase over the same period last year, and in some cases the figure is lower than last year.

However, while the numbers are small, the quality is high. In all areas there has been a clear increase in the amount of foreign funds being drawn in and in the rate at which funds are actually put in place. This is a prominent characteristic of the absorption of foreign funds in the first half of the year.

For example, the amount of foreign funds actually utilized by Guangdong, Fujian and Shandong in the first half of this year were \$5.06 billion, \$1.628 billion and \$911 million respectively, all more than 18 percent up on the same period last year. Guangzhou and Hainan scored their best results ever, with Guangzhou's growth in foreign funds absorbed reaching 105.8 percent.

It is worth noting that many foreign-funded enterprises which have started operations have already increased their investment more than once. If we take Tianjin and Shanghai as examples, in the first half, in Tianjin a total of 73 foreign-funded enterprises made additional investments totaling \$240 million, 3.3 times more than the same period last year. In Shanghai, famous companies such as Shi gui bao [2457 6311 1405], Mitsubishi and Foxboro successively increased their investments and carried out two-stage expansion.

Data show that the pursuit of interests is the prime factor for foreign businesses in increasing investment and expanding capacity. In some coastal cities such as Shenzhen and Shanghai, over 80 percent of foreign-funded industrial enterprises are profitable, while 70 percent of financial enterprises make profits. Profits realized in the first half of the year by the over 2,000 enterprises which have already opened in Beijing were close to 1 billion yuan, 1.9 times more than in the first half of last year.

If we examine the countries and regions investing in the mainland in the first half of the year, we see that it is still the case that the majority of funds come from Hong

Kong and Taiwan. Comparatively, however, European, U.S. and Japanese businesses were clearly more vigorous, and powerful multinational companies have repeatedly appeared. They give the impression that they want to catch up with and surpass Hong Kong and Taiwan operators.

Of the 100 largest multinational companies in the world, 53 have established offices in Beijing. Some multinationals have even shifted their offices, which they had previously set up in Hong Kong, to Beijing or Shanghai, or they have set up newly established holding companies in these two cities with responsibility for managing enterprises in China in which the parent company has invested. In the first half of this year, Beijing approved five such holding companies.

Foreign businesses' investment modes have also become more diverse. Investors from over 120 countries and regions around the globe are participating in various economic activities, through diverse forms including the provision of credit, equity joint ventures, solely funded enterprises, cooperative operations, direct compensation trade, BOT [build, operate, transfer], and B-share purchases.

People have noted that Liaoning, Shandong and Guangdong are now stepping up the establishment abroad of specialized regional investment funds, and are drawing in funds from small and medium-sized Hong Kong, Taiwan and foreign enterprises to invest in power plant, highway, or enterprise transformation in their provinces. It is predicted that this will become a new avenue by which the mainland draws in foreign funds.

In addition, foreign investment in the mainland in the first half of the year saw the following characteristics:

- There was an expansion of the proportion of foreign funds placed in equity joint ventures, and there was an increasing number of solely foreign-funded enterprises. In the new batch of foreign-funded projects in the first half of the year in Hainan province, the average proportion of funds provided by the foreign party was 83 percent. In the Tianjin Development Area, the number of enterprises solely-funded by foreign funds exceeded 1,000, and for the first time in the zone's seven-year history this figure exceeded the sum total of Sino-foreign joint ventures and cooperative projects.
- There has generally been an expansion in the scale of foreign-funded projects, and the number of large projects is increasing. According to statistics, in the first half of the year, the average agreed investment of Hong Kong-funded projects was \$1.66 million, while the figure for Japanese-funded projects was as high as \$5.19 million.
- There has been a slow recovery in investment in housing and real estate, while tertiary industry and large-scale capital construction continue to be popular

areas for investment. Some "slow" sectors such as agriculture, aquatic products, aviation, energy development, and mining have also attracted the attention of some foreign business people.

- Foreign consortiums have begun to join forces with enterprises in southern China, and then they jointly invest in the North. Of the more than 140 Shenzhen enterprise seeking development opportunities in Shanghai, quite a number are backed by foreign funds.
- Exports from foreign-funded enterprises have earned a large amount of foreign exchange. In the first half of the year, exports by the three types of enterprises in Beijing which are partly or entirely foreign-funded grew 68.6 percent compared with the same period last year. They have thus become major contributors to Beijing Municipality's export foreign exchange earnings.
- The rate at which funds were invested in hinterland provinces slightly exceeded the growth of investment in coastal provinces.

Officials of the Ministry of Foreign Trade and Economic Cooperation recently revealed that, as China's re-entry to GATT is imminent, relevant departments in China are now stepping up research and formulating foreign investment policies which are more in accord with the relevant stipulations of GATT and international practices. A national foreign investment work conference will be convened soon in order to readjust in an overall way the existing preferential policies for attracting foreign investment.

We can be sure that, in the second half of this year and next year, investment in the mainland by foreign businesses will enter a crucial stage which will be of major significance.

Report Details Nation's Steel Production, Steel Imports

OW1908075894 Beijing XINHUA in English 0741 GMT 19 Aug 94

[Text] Beijing, August 19 (XINHUA)—China's steel supply continues to surpass its demand in the next half of this year, sources from the Ministry of Internal Trade said.

The steel varieties likely to be excluded from this general trend are cold-rolled steel plates, galvanizing steel plates, tinplates, tinning steel plates and silicon steel for transformers.

The price steel construction products [as received] has been down to about 3,000 yuan since this June, some 200 to 1,000 yuan lower than at the beginning of this year. The price of steel wire rods has since been on a steady decline, setting a record low of 2,500 yuan.

Ministry officials said that increased national steel output, excessive imports, rigid control over the scale of

capital construction projects and the tightening of bank loans since the beginning of this year are behind the present steel market landscape.

Statistics show that the steel import volume in the first six months this year topped 10.6 million tons, more than the national import quota for the entire year.

Domestic steel production during the same period rose by 7.6 percent, compared with a 3.8 percent increase in the steel demand during the same period.

Interview on Trends in Auto Industrial Development

SK1708115994 Beijing XINHUA Domestic Service in Chinese 1712 GMT 14 Aug 94

[By reporter Li Anding (2621 1344 1353): "Auto Industry's Historical Responsibility"—Reading Notes of the Interview on China's Auto Industry]

[Text] Beijing, 14 Aug (XINHUA)—Although it has been several years since families have owned cars, the development and manufacturing of cars for household use and the formation of large-scale production capacity of such cars cannot be accomplished in one move.

If China fails to manufacture a great quantity of Chinese-made private cars in two or three years to meet the forthcoming great demand, its auto industry will find it hard to gain a foothold in domestic and world markets after China reenters the GATT. China's auto industry is now rising, motivated by the sense of urgency and the sense of seizing every minute.

In the past three years, the state has shifted the focus of the development of the auto industry to production of cars, and output of cars has increased by 80,000 every year. In 1993, China produced 230,000 cars. Over the past three years, the state and localities have made a total investment of 60 billion yuan in the projects on cars and spare parts.

As planned by the "policy on the auto industrial production," the state will help concentrate investment in the auto industry and reorganize production with a view to changing the existing situation characterized by scattered distribution, disorderliness, and poor service. Before 1986 [year as received], the state will emphatically support Dazhong and Shenlong (Dongfeng-xuetielong) car plants of the No. 1 automobile corporation group, Shanghai's Dazhong car plant, and Tianjin's Xiali car plant to respectively attain the economic scale of producing 150,000 cars annually. In addition to Beijing's jeep plant, Guangdong's Biaozhi car plant, Chongqing's Changan car plant, and Guizhou's aviation plant, these eight plants will give rise to an annual production capacity of 780,000 cars.

The world auto industrial firms have opened wide their eyes when the last latent automobile market is beginning to become a reality. The just closed Beijing international

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automobile exhibition, like a stream of hot tide, attracted all famous automobile firms in the world to China. On display were not only top luxury cars, but also light and small mini-cars; not only the cars of current new styles, but also the "idea cars" of the next generation. Various car firms used modernized means of exhibition to leave a deep impression on Chinese customers as much as possible.

International automobile firms have come to China one after another to offer their plans on manufacturing cars with joint investment and cooperation. Some have even suggested to develop applicable models of household cars for China without compensation. Through careful weighing, the Chinese Government announced a few days ago that before 1996, China will no longer approve new joint venture projects on manufacturing complete cars and will encourage cooperation in producing spare parts; and after 1996, when examining and approving new car projects, China will give first priority to the foreign firms that have scored achievements in producing spare parts in cooperation with China.

The development of a new generation of cars in the world is now being oriented to energy conservation, environmental protection, and safety. As suggested by specialists, once private cars truly enter China's family life, the endeavor in saving oil, eliminating pollution, ensuring safety, and strengthening endurance will be the direction of development in China, because private cars will be purchased in large amounts and will be related to lives and property of the people. The state will protect the interest of consumers through strict inspection certification and will use strict production organizational policies to define the production system of initiating fewer plants and engaging in mass production and to establish a market structure characterized by orderly competition among large enterprises.

Beginning from the day we plunged into the auto industry, generations of auto industrial leaders, technicians, and workers have cherished the ideal of enabling Chinese common people to ride in private cars. Today, they finally have been provided with the scope for their abilities.

Rectification of Finished Oil Market To Be Carried Out

HK1908034394 Beijing ZHONGGUO XINWEN SHE in English 1332 GMT 18 Aug 94

[Text] Beijing, August 18 (CNS)—The State Economic and Trade Commission and the State Administration for Industry and Commerce have recently made up a decision to correct the finished oil market in the country.

The finished oil in the would-be-rectified market include petrol, diesel, kerosene for lamp, kerosene for aviation, naphtha and fuel oil. All wholesale enterprises, petrol stations and retail entities in engaging in oil sale business

together with foreign trade enterprises entitled to right of importing finished oil are included in this correction drive.

All petrol stations and retail business entities are not allowed to undertake the wholesale business of finished oil, according to the ministry and the administration. Finished oil directly supplied to the six main users in the country is just for their own use and no sale of the supplied oil outside themselves is allowed, according to state stipulations. Finished oil directly supplied to the Xinjiang production and construction corps is not permitted to be sold outside the corps system. The State Bureau of Materials and Equipment Storage keeps storage of finished oil as well as removal of finished oil reserve on a rotating basis in accordance with stipulations. The bureau is not allowed to be directly involved in wholesale and retail business of finished oil. Following the correction, petrol stations under the jurisdiction of the bureau have to be separated from their original administrative body to which they belonged in the past. Finished oil available in these stations are supplied by local petroleum companies. All Party, government and military organs are prohibited from finished oil business. Finished oil produced by foreign funded petrol-chemical industrial companies is not allowed to be sold at home in China without prior approval from the state. All foreign funded enterprises are not permitted to undertake wholesale and retail business of finished oil in the Mainland market without prior approval from the Ministry of Foreign Trade and Economic Cooperation. Finished oil imported by foreign funded enterprises according to stated policy is confined to their own use and sale of the oil in the Mainland market is banned. Finished oil turned out from the processing of imported material and that from bonded areas are not allowed for sale in the Mainland market unless proper procedures for import were conducted.

A leading team for the correction of the finished oil market will, by the end of September this year, complete its check on the registration of the existing enterprises undertaking finished oil business.

Xinjiang Test Well Discloses Rich Oil Reserves

OW1908015994 Beijing XINHUA in English 0125 GMT 19 Aug 94

[Text] Urumqi, August 19 (XINHUA)—The rich oil reserves of the Junggar basin in the Xinjiang Autonomous Region in northwest China has been confirmed by the recent discovery of a high-yielding test well in the region, the "CHINA PETROLEUM DAILY" reported Wednesday [17 Aug].

Crude oil gushed out of the SHI-002 well August 7. The newspaper said it produces 230 cu m of oil and 90,000 cu m of natural gas a day.

Upon analyzing the geological data, petroleum experts estimated that the oil-bearing layer in the well region at 27 m thick, the newspaper said.

The Junggar basin, together with the Tarim basin in southern Xinjiang, is the region where the Chinese Government places its highest hopes for rich oil reserves to replace the shrinking resources in old oil fields in the eastern part of China.

Successes Achieved in Oil, Gas Production, Mining

OW1808142294 Beijing XINHUA in English 1247 GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—The departments of geology in China have made advances in the oil and gas and mining fields in the first six months of this year.

China has struck a second oil and gas well in the East China Sea, following the "Pinghu" oil and gas derrick. The oil well, namely the "Wubei Number One Well," is expected to yield 93.3 cubic meters of crude oil, and 397,000 cubic meters of natural gas a day.

The "Zang (Tibet) Number One" oil well, which is located in the Loinbo La Basin in southwest China's Tibet Autonomous Region, has also struck oil. Moreover, construction of three other wells in the basin has been started.

A high-yield oil field has been set up in the northern area of the Tarim Basin, and it will have a production of 264 cubic meters of crude oil and 25,000 cubic meters of natural gas each day.

A group of new gold mines have been developed in north China's Shaanxi Province. Prospecting work in the Tianlin gold mine of south China's Guangxi Zhuang Autonomous Region and in Paishanlou gold mine in northeast China's Liaoning Province has made obvious breakthroughs.

A big high-grade lead and zinc mine has been discovered in Hunan Province in the central part of China.

The Changkeng silver mine in south China's Guangdong Province and the Xiasai silver mine in southwest China's

Sichuan Province have all made important discoveries in geological prospecting work.

Research Into Coal Gasification Process Proceeding

OW1808115094 Beijing XINHUA in English 0815 GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—China is working on experiments of major economic significance on changing coal into gas while the coal is still underground. The experiments have begun 16 years earlier than the deadline set by a state white paper on science and technological development.

The process is called underground coal gasification. The experiments are being conducted by the China Mining University and the Xuzhou Mining Bureau in east China's Jiangsu Province. The tests have been going on for more than 100 days, and as much as 86,000 cubic meters gas has been produced each day.

Professor Yu Li with the China Mining University initiated the experiments on the new method in 1984.

After looking at research done in China and abroad, and after researching the abandoned resources in China's mines, Yu invented a process of underground coal gasification.

Yu's project will finally help reclaim abandoned coal from old mines. The technology can also be applied to thin seams of coal located in places that before were too difficult to reach.

Presently 11 experts on mining and gasification are at the site of the experiments for a technical inspection and a technological data test.

The former Soviet Union, Britain and the United States have been experimenting in this field for more than 30 years, but because of technical problems, have failed to put it into commercial use.

East Region

Fuzhou Mobile Financial Court To Handle Banking Disputes

HK1808150894 Beijing ZHONGGUO XINWEN SHE
in English 0851 GMT 18 Aug 94

[Text] Fuzhou, 18 Aug (ZHONGGUO XINWEN SHE)—A mobile financial court under the Fuzhou Intermediary People's Court was set up yesterday to solve disputes concerning loan, assets lease, contracts for short-term loans, etc. between banks and enterprises or individuals.

As the city's economy develops, risk of its banks and financial institutions in their credit issuance is on the rise. Some enterprises do not comply with contracts and postpone or even refuse to return the borrowed money to banks. As a result, the burden resulted from bad debts on banks and other financial institutions is getting more and more heavy. Last year alone, the economic court under the Fuzhou Intermediary People's Court dealt with some 70 cases concerning disputes on loans issued by financial entities, six of them were about disputes on short-term loan contracts, accounting for 20 percent of total number of cases handled by this court. Almost RMB100 million [renminbi] had been retrieved for those banks and financial institutions.

Kang Yin, head of the Fuzhou Intermediary People's Court, said that the mobile financial court would follow the principles stipulated in the Civil Appeal Law. It would simplify judicial procedure, accept lawsuits shortly after they are lodged and once a lawsuit is established it will be handled at once and be closed within a month's time. It would do everything possible to make things convenient for clients.

The financial court will not only give legal assistance to Chinese banks but also to solely foreign-funded or Sino-foreign joint ventured banks.

New Bridge Links Jiangsu Province, Yangzhong Island

OW1808123194 Beijing XINHUA in English 0816
GMT 18 Aug 94

[Text] Nanjing, August 18 (XINHUA)—Construction of a highway bridge, which connects the second largest island on the Chang Jiang with other areas in the south of east China's Jiangsu Province, was completed yesterday.

The construction project is unique in the sense that it was financed completely by the local residents of Yangzhong Island.

The island had long been isolated from the outside world, which hindered the development of its economy.

Starting in 1992, the 270,000 residents of Yangzhong Island collected a total of 68 million yuan (eight million U.S. dollars) to build the bridge.

The bridge, 1,172 meters long and 15 meters wide, was constructed by the East China Bridge Construction Company of the Bridge Bureau under the Ministry of Railways. The company also built the huge Wuhan and the Nanjing Chang Jiang Bridges.

Jiangsu Leads Country's Production of Lattice Products

OW1908015694 Beijing XINHUA in English 0139
GMT 19 Aug 94

[Text] Xuzhou, August 19 (XINHUA)—China's annual output of lattice structure products now is equal to the total of Germany, Japan, the United States and the Republic of Korea combined.

China is the fifth country to be equipped with lattice structure production technology, following the above-mentioned countries.

Lattice structure is widely applied in the building of roofs with metal components having large spans for buildings such as gymnasiums, cinemas, airport waiting rooms and large workshops.

Over 20 enterprises have merged into a group corporation in this field in east China's Jiangsu Province, accounting for 70 percent of China's total output of lattice structure products.

Shandong's Results in Handling Cadres' Cases Reported

SK1908075894 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 18 Aug 94

[Text] According to our station reporter's dispatch from the conference on the work done by the provincial-level departments in investigating and handling violation cases, which was sponsored by the provincial discipline inspection commission and the provincial supervisory department on the morning of 18 August, the provincial-level departments accepted 6,501 cases reported through the people's visits and letters in the first half of this year. Of these cases, 49 were investigated immediately; 43 were completed; and 21 are serious and appalling cases. Seven cadres at or above the section level have been punished by the imposition of party and administration disciplinary sanctions. In handling these cases, they recovered 5.25 million yuan of economic losses for the state and collectives.

During the meeting the participating personnel from the discipline inspection commissions or groups of the provincial public security department, the provincial economic and trade commission, the provincial agricultural commission, the provincial coal administration bureau, and the provincial people's bank, delivered reports in which they respectively described their work and experience gained in investigating and handling the violation cases.

It was urged at the meeting that various provincial-level departments and units should seize the focal point of the anticorruption struggle in the second half of this year and give priority to investigating and handling cases violating the law and discipline committed by leading organs and cadres, by judicial departments, by administration and law-enforcement departments, by economic and management departments, and by working personnel. Priority should also be given to investigating and handling cases committed by leading cadres with regard to embezzling public funds and taking advantage of power to seek personal gains; cases committed by personnel in charge of enforcing the law and discipline with regard to practicing favoritism in embezzlement, taking bribes and bending the law, and violating the law while enforcing the law; and cases committed by juridical personnel with regard to violating the law and discipline.

Shandong Meeting Urges Joint Defense of Railway Transport

SK1908065494 Jinan DAZHONG RIBAO in Chinese 6 Aug 94 p 3

[Text] The provincial committee for comprehensive management of public security held a meeting on the afternoon of 5 August to study and arrange joint defense of railways to ensure safe and smooth railway transportation.

Since last year, all levels and all departments in the province have further strengthened leadership and work measures to effectively promote the joint defense of railway transportation and safeguard stability in railway security and order. In the new situation where reform and opening up have been developed and the socialist market economy system has been established, however, many new conditions and new problems have cropped up in public security, and have brought some unfavorable factors to railway security. Criminal activities disrupting the transportation order, such as robbing passengers' property and money, stealing the materials to be transported, and dismantling and stealing railway facilities, have occurred frequently, which has posed a serious threat to railway stability, to the safety of passengers' lives and property, and to the safety of railway transportation.

Sun Shuyi, standing committee member of the provincial party committee, secretary of its political and legal committee, and chairman of the provincial committee for comprehensive management of public security, gave a speech. He said: Joint railway defense is an important measure for safeguarding railway stability and also a major event concerning the overall situation. Party committees and governments at all levels should adhere to the principle of "attaching equal importance to two tasks and never wavering in either" and, proceeding from defending the basic interests of the state, correctly understand and treat the joint railway defense work, increase the awareness in safeguarding railway stability, regard

this work as a serious political task, put it in an important place, and make it successful.

Sun Shuyi pointed out: Implementation of the responsibility system for comprehensive improvement of public security is the key to establishing and improving the mechanism for the comprehensive improvement work and to implementing the various measures for the joint railway defense. Party committees and governments at all levels should consider this work an important part of the endeavor of comprehensive improvement of public security and list it in the responsibility system. Leaders at all levels should be assigned the political responsibility for safeguarding railway stability, and top party and government leaders should assume the overall responsibility so that, with strengthened leadership, meticulous organization, overall arrangements, and implementation of measures, safe and smooth railway transportation can be ensured.

Sun Shuyi emphasized: Concerted efforts should be made and comprehensive management conducted in the joint railway defense work. We should take precautionary measures on the one hand and crack down on crimes on the other. We should continue the special struggles to crack down on "bus and train marauding and waylaying" and deal strict blows to the criminal elements who steal and rob the materials transported by railways, dismantle and steal railway equipment, damage railway facilities, and disrupt the order in trains and railway stations, especially the serious crimes committed by groups and through violence. We should persist in the mass defense work carried out by both the masses and special organs, with the railway defense contingent as the key. We should intensify education so that the vast number of cadres and the masses living along railways will cherish and protect railways and successfully safeguard railway security and order.

Han Bangju, special adviser to the provincial government, was invited to the meeting.

Shandong Bank Begins Personal Foreign Exchange Business

SK1908064394 Jinan DAZHONG RIBAO in Chinese 7 Aug 94 p 1

[Text] As was learned from the news briefing held by the Shandong branch of the Bank of China [BOC] on the morning of 5 August, this bank recently started the business of buying and selling personal foreign exchange in the province for the first time after officially conducting at the Qingdao branch on a trial basis.

Thanks to China's economic development, people in Shandong have come to own more and more foreign currency over the past few years. By the end of May this year, personal foreign currency savings at the BOC Qingdao branch alone exceeded \$100 million. To safeguard people's interests and prevent the losses caused by foreign exchange risks, the BOC Shandong branch

started the personal foreign exchange purchase and sale business at the Qingdao branch in June this year, which is currently Shandong's only bank conducting such business.

As was learned, the BOC Shandong branch currently handles the purchases and sales of U.S. dollars, British pounds, German marks, French francs, Japanese yens, and Hong Kong dollars. People who have opened foreign exchange accounts at the BOC Shandong branch or those who own foreign currency may purchase or sell foreign exchange at the Qingdao branch, after showing their identification cards.

Vice Governor Chen Jianguo attended and addressed the news briefing.

Shandong Takes Action Against Sale of Fake Commodities

SK1908062694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 18 Aug 94

[Excerpt] Over the past few years, the manufacturing and selling of fake, forged, and low-grade commodities throughout society has been quite rampant. In 1993 alone, administrative organs on the industrial and commercial front across the province cracked down on 6,579 cases of producing and selling fake, forged, and low-grade commodities. The value of these sold commodities totalled more than 230 million yuan. These forged commodities have brought extreme damage to industrial and agricultural production as well as to the safety of the people's lives and property, and have become one of the social effects of pollution. [passage omitted]

Shandong Promises Record Summer Grain Output

SK1808130694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 17 Aug 94

[Text] As learned from the news briefing jointly held by the provincial statistical bureau and the provincial agricultural department, the province is expected to set a record high in total output and per unit area yield of summer grain this year. According to statistics, this year the province sowed 60.79 million mu of summer grain, 1.57 million mu less than last year; while the total output of summer grain was 40.7 billion jin, 200 million jin more than last year, with the increase margin being 4.6 percentage points higher than the national level.

This year, the province reversed the two-year successive declining situation in the acreage sown to cotton. The summer cotton sown in spring was 13.63 million mu, 2.23 million mu more than last year. At present, the cotton is doing well, and a good harvest can be prospected if there are no serious natural calamities in the late stage. This year, there has been an ample supply of vegetables in plentiful varieties on markets. In the first half of this year, the province's meat output totaled 2.077 million tonnes, 21.6 percentage points higher than the national level, ranking first in the country in the

increase margin. At present, the province has already become a major vegetable production base of the country, and one third of the province's vegetables have been sold to 350 cities in 30 provinces, municipalities, and autonomous regions, including Beijing, Tianjin, and Shanghai. In the first half of this year, the per capita cash income of peasants in the province was 574.33 yuan, an increase of 145.29 yuan over the same period last year, being a year with the most rapid increase, or 4 percentage points higher than the average national increase margin.

However, in the first half of this year, the prices of means of agricultural production and the prices of daily life consumption increased too rapidly, cotton production was not good enough, and new factors of instability emerged in agricultural technology popularization ranks. These problems should not be neglected.

Shanghai Launches Pharmaceuticals Development Center

OW1908020094 Beijing XINHUA in English 0108 GMT 19 Aug 94

[Text] Shanghai, August 19 (XINHUA)—A new pharmaceuticals development center has been launched here with the approval of the State Commission for Science and Technology and the Shanghai Municipal Government.

Sources at the center said it will specialize in the development and promotion of new medicines, including bioengineering, chemical and natural medicines.

The Shanghai Municipal Government has agreed to provide a total of 40 million yuan in the next two years to support the center, the sources said. Taxes from the manufacture of the new medicines will be refunded to enterprises or donated to a foundation for new pharmaceuticals development.

The center has already chosen six plants as its partners for the production of vitamins, anti-cancer and contraception medicines and blood products, said the sources.

The center's first batch of 13 projects, involving an investment of 1.26 billion yuan, have been started.

New Solar Heater Developed by Shanghai Company

OW1908020394 Beijing XINHUA in English 0104 GMT 19 Aug 94

[Text] Shanghai, August 19 (XINHUA)—A new solar heater that can produce hot shower water for four persons a day was recently developed in Shanghai.

The solar heater, developed by the Shanghai Taixin Energy Development Company, runs on a 1.5 sq m rust-proof aluminum alloy solar energy collector. It can heat water up to 65 degrees centigrade.

The heater is cheap, light, compact in structure, and has a life span of 10 years, sources from the company said.

Quarter of Shanghai Households To Contain Telephone

OW1808142194 Beijing XINHUA in English 0748 GMT 18 Aug 94

[Text] Beijing, August 18 (XINHUA)—One out of every five families in Shanghai has a telephone, and the ratio is likely to be one out of four by this year-end, the Shanghai-based NEWS DAILY [XINWEN RIBAO] reported.

The paper quoted an official with the Shanghai Telecommunications Bureau as saying that, for every one hundred residents in Shanghai there are 11 telephone lines, a proportion topping all Chinese provinces and cities.

The number of lines will rise to nearly 12.5 for every one hundred Shanghai residents by the end of this year.

Nationwide, now fewer than two telephone lines are shared among every one hundred people.

Shanghai now has 1.34 million telephone lines. In the first six months this year, 260,100 more lines were added, a four-fifths increase over last year's total.

In recent years, Shanghai has poured in 3 billion yuan (345 million U.S. dollars) to enlarge the handling capacity of its program controlled switch boards.

Now private phones in Shanghai total 870,000.

Report Notes High Number of Telephones in Zhejiang Capital

OW1908101494 Beijing XINHUA in English 0824 GMT 19 Aug 94

[Text] Hangzhou, August 19 (XINHUA)—Hangzhou, capital of east China's Zhejiang Province, has installed 280,000 telephones for its urban residents, covering more than half of the 440,000 families in the city.

Wang Xiaochu, director of the Hangzhou Telecommunications Bureau, said that by August 17 this year every 100 residents in the city had 27.2 telephones on average, next only to Haikou in Hainan Province.

To date, the total capacity of Hangzhou's telephone exchange has exceeded 400,000 lines.

The number of the city's mobile telephones has reached 12,000 and is expected to exceed 50,000 by October this year.

Southwest Region

Hong Kong Becomes Southwest's Leading Economic Partner

OW1908091294 Beijing XINHUA in English 0838 GMT 19 Aug 94

[Text] Kunming, August 19 (XINHUA)—Economic cooperation between Hong Kong and provinces in southwest China have been increasingly reinforced, and Hong Kong has become the biggest trade and investment partner of the area.

At the recent '94 China Kunming Export Commodities Fair Hong Kong was revealed as the biggest investor in Sichuan, Yunnan and Guizhou Provinces and the Guangxi Zhuang and Tibet Autonomous Regions. It is also the biggest buyer of commodities from these places.

The export volume of the area to Hong Kong reached 120 million U.S. dollars-worth, or 20 percent of the total export deals signed at the fair, while the contracted amount of investment from Hong Kong to these places reached 84.11 million U.S. dollars-worth, 25 percent of all the foreign investment for these places signed at the fair.

Sources at the fair said that the five provinces and regions mainly sell machinery and electronic products, medicines and textiles to Hong Kong, while Hong Kong investment mainly flows to light industry, machinery and electronics, construction materials, crop planting and technological remolding projects.

Southwest China is rich in natural resources. With a population of about 225 million, the area has great market potential. In recent years it has experienced fairly rapid development in communications, telecommunications, navigation and civil aviation. The central government has also ratified plans by the area to carry out the same preferential opening policies as coastal areas.

In 1993 the southwest China area chalked up a foreign trade volume of 6.27 billion U.S. dollars-worth, up 32.5 percent from the previous year.

Now the area has a total of 6,000 overseas-funded enterprises.

Military Industry Prospers in Guizhou Province

OW1908013494 Beijing XINHUA in English 0058 GMT 19 Aug 94

[Text] Guiyang, August 19 (XINHUA)—Manufacturers of military equipment in southwest China's Guizhou Province have taken advantage of their high technology to produce quality civilian products.

Light trucks and auto parts, satellite receiving equipment, oil instruments and electronics made by them are selling well on the marketplace in China.

Last year, more than 60 of their products were exported to over 70 countries throughout the world, earning over 50 million U.S. dollars, about 20 percent of the total output of their civilian production.

Since the launching of China's seventh five-year plan, these enterprises have invested nearly 1 billion yuan to apply 120 new technologies and develop 150 civilian products.

The Guizhou Aeronautics, the South China Aerospace and the Zhenhua of China, have also been set up to strengthen cooperation between these enterprises.

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At the same time, they have established over 150 agencies in east China's coastal regions to exchange domestic and global market information and new technologies.

At present, they have established economic and technological cooperation with more than 70 counties, and have set up nearly 100 joint ventures.

These enterprises have set up a strategy to move firstly from the mountains to cities, then from the cities to the eastern coast, and finally from the coast to the outside world.

Last year, the total output of these enterprises reached 6.047 billion yuan, including profits from coastal agencies. Civilian products made up 80 percent of that total, which is 50 times the output in 1980.

Since 1981, though the demand of military equipment has slackened, the profits of these enterprises have increased, averaging 250 million yuan every year.

Tibet People's Congress Standing Committee Meeting Closes

OW1908085994 Lhasa Tibet Television Network in Mandarin 1200 GMT 18 Aug 94

[From the "Regional News Hookup" program]

[Text] After going through all items on the agenda, the 10th meeting of the Sixth Tibet Autonomous Regional People's Congress Standing Committee closed in Lhasa on the afternoon of 18 August. The closing meeting was presided over by Comrade Raidi, chairman of the autonomous regional people's congress standing committee. Puqung, Zheng Ying, Sengqen Lozong Gyaincain, Pudoje, Samding Doje Pamo, Deqing Quzhen, Gong Daxi, Tian Fujun, Li Weilun, Yongzhong Gawa, and Cui Jiguo, vice chairmen of the autonomous regional people's congress standing committee, attended the meeting. Laba Pingcuo, vice chairman of the autonomous regional people's government; Bai Zhao, president of the autonomous regional higher people's court; and Yang Youcai, chief procurator of the autonomous regional people's procuratorate, attended the meeting as observers. Also invited to the meeting as observers were members of all special committees under the autonomous regional people's congress, deputy secretaries general of the autonomous regional people's congress standing committee, persons in charge of people's congress liaison offices in various localities and the Lhasa City People's Congress Standing Committee, some regional people's deputies, and responsible persons of departments concerned. [Video opens with a meeting hall in which participants are seen seated at tables circling the hall, announcer reads their names]

The meeting examined and approved personnel appointments and removals, Tibet Autonomous Region's interim regulations on the comprehensive management of public security, measures for implementing the Law of the People's Republic of China on Protecting Women's

Rights and Interests, and measures for implementing the Water Law of the People's Republic of China. It deliberated the draft regulations on handling suggestions, criticisms, and opinions submitted by Tibet Autonomous Regional People's Congress deputies, as well as heard and examined reports on the implementation of Tibet Autonomous Region's economic and social development plan and budget during the first half of 1994.

Commentary: Tibet Fights Splittism, Maintains Stability

OW1908091394 Lhasa Tibet Television Network in Mandarin 1200 GMT 18 Aug 94

[Station commentary: "Oppose Splittism and Maintain Stability"; from the "Regional News Hookup" program]

[Text] The Third Forum on Tibet Work, convened by the CPC Central Committee and State Council, has further defined the principles, policies, and measures of opposing splittism and maintaining stability in Tibet as well as provided us with a powerful ideological weapon, which is certainly of great and profound importance to Tibet's long-term stability and development.

Speaking at the Third Forum on Tibet Work, General Secretary Jiang Zemin noted: Tibet's stability is a premise to the guarantee for sustained development of various undertakings in Tibet and continual improvement of people's living standards. Without stability, we will get nowhere. The Tibetan people, who have suffered all kinds of turmoil, have drawn a lesson from reality and come to a common understanding from historical experience that only by maintaining a stable situation can Tibet smoothly carry out reform, opening up, and the modernization drive; create a good environment for the establishment of a socialist market economic structure in Tibet; and truly make sure that all the central authorities' principles and policies on Tibet work will be implemented smoothly.

Maintaining stability is not only necessary for Tibet's development, but is also of important significance to the entire country's reform, development, and stability; and to enhancing the cohesion that pulls the Chinese nation together. Tibet's stability and security concern that of the entire country. Therefore, party and government organizations at various levels, and cadres and people of all nationalities in Tibet should get a clear understanding of the historical mission on their shoulders from the high plane of the overall situation and do their best to maintain Tibet's stability.

Tibet's situation is generally stable at present. But some unstable factors remain, particularly the endless plots of splittists at home and abroad to separate Tibet from the big family of the motherland. Therefore, we must remain sober-minded, make a clear distinction between right and wrong, and deal such plots with forceful criticism and blows.

In light of the reality of Tibet's fight against splittism, the Third Forum on Tibet Work noted: Our differences with the Dalai clique are not a matter of religious belief nor a matter of autonomy; they are a matter of safeguarding the motherland's unification and fighting splittism. Our attitude toward the Dalai Lama is: He is always welcome home, provided he abandons the advocacy of Tibet's independence and ceases all activities to split the motherland. Activities supporting independence or independence in any disguised forms are prohibited. The CPC Central Committee's principles and policies have profoundly expounded the crux of struggle against the Dalai clique and have clearly pointed out the direction for us to launch antisplittist struggles and maintain stability.

Opposing splittism and maintaining stability are people's aspirations and are of vital importance to the overall situation in Tibet. Whoever harms the national unity and creates separation will surely be antagonized by people throughout Tibet as well as the country, and will stand condemned through the ages. The broad masses of cadres and people in Tibet are basic forces and guarantees for maintaining unity and stability. They should safeguard the motherland's unification and Tibet's stability like they cherish their own eyes.

XIZANG RIBAO on Studying Forum Guidelines

OW1808111594 Lhasa XIZANG RIBAO in Chinese 4 Aug 94 pp 1, 3

[Editorial: "Unify Our Thinking and Pluck Up Our Spirits Through Conscientious Study—First in a Series of Commentaries on Studying and Implementing the Guidelines of the Third Forum on Work in Tibet"]

[Text] The good tidings of the convocation of Third Forum on Work in Tibet have spread to the vast expanse of the plateau. We are deeply touched and enlightened by the care shown by the CPC Central Committee and support from all corners of the country. Inspired by the forum's exuberant atmosphere and the impact of its total success, our confidence has redoubled. Over the past few days, the autonomous regional CPC Committee and government have rigorously and promptly relayed the guidelines in phases and stages, setting up a new upsurge of conscientiously studying and implementing the forum's guidelines across the region.

The forum was a crucial meeting convened by the CPC Central Committee and State Council at a critical moment of Tibet's economic and social development. The important speeches given by Jiang Zemin, Li Peng, and Li Ruihuan, and the "Opinion on Accelerating Tibet's Development and Maintaining Its Social Stability" drawn up by the meeting sum up the historical experiences of the work in Tibet, analyze the situation confronting Tibet, clearly define the principle and tasks for the work in Tibet for some time to come, and formulated policies and measures for accelerating Tibet's development and maintaining its social stability

from the high plane of the strategic situation as a whole. It is a meeting of historical significance.

For a successful meeting and a good document to produce the intended results, the key lies in implementation. To successfully implement the forum's policies and measures for accelerating Tibet's development and maintaining its social stability across the region, the primary task facing us is to study its guidelines. We should attain through study, the objective of unifying our understanding, clarifying our tasks, and enhancing morale.

Historical experience and practice over the years show that every progress and every success we have made in our cause can be attributed to the progress we made in study. Over the past 40 years or more, it was because we conscientiously studied the CPC Central Committee's instructions on work in Tibet that we were able to peacefully liberate Tibet and to make the monumental, historic leap from serfdom to socialism, making it possible for millions of serfs to stand up and become masters of their own affairs. Following the Third Plenary Session of the 11th CPC Central Committee, the Central Committee twice convened forums on work in Tibet. In 1989, the Standing Committee of Political Bureau of the CPC Central Committee again discussed work in Tibet. By earnestly studying the minutes of that meeting, party and government organs at all levels in the region acquired a better understanding of the series of special policies and flexible measures formulated by the CPC Central Committee favorable to Tibet's development. By implementing these policies and measures, we emancipated and developed productive forces, broke the long-standing closed status, promoted reform, opening up, and the modernization drive in Tibet, and achieved remarkable progress in economic and social development. The Third Forum on Work in Tibet laid down in explicit terms new ideas, new tasks, and new policies and measures for Tibet's lasting peace and stability and its long-term development, erecting a new milestone. Only through assiduous study in light of the needs of the new situation and new tasks will we be able to think and act in compliance with the guidelines of the Third Forum on Work in Tibet, to analyze new contradictions, solve new problems, study new situations, gain new knowledge, and explore new experience; only then will we be able to unite and lead the broad masses of people in breaking a new path for Tibet's development and stability. We should also take note that the forum also explicitly laid down the policy of accelerating Tibet's economic and social development, and achieving common prosperity and progress for all nationalities. This inspiring objective will undoubtedly make our work more strenuous and set new demands in terms of our understanding of theory and policy, general knowledge, and performance. In many branches of learning we are not well-informed or have only a limited knowledge. The only way to put to an end to this situation—that is, to transform ignorance into knowledge—is to have the courage to admit our ignorance and start to study assiduously. Only by doing

so will we be able to seize the opportunity to develop ourselves and remain invincible in the march to accelerate Tibet's development and maintain its stability. If we fail to do so, we will find ourselves in a blind, passive, and backward condition and unable to gain the leadership initiative.

What should be the focus of our studies now? The most fundamental requirement is to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and have a firm grasp of the idea of emancipating the mind and seeking truth from facts, which make up the core of his theory. Convened under the guidance of Comrade Deng Xiaoping's theory on socialism with Chinese characteristics and the party's basic line, the forum focused on the two major issues of Tibet's development and stability. Proceeding from the reality of Tibet, the forum formulated guiding principles and policies for work in Tibet. The key to successfully implementing the forum's guidelines lies in emancipating the mind. We must be good at integrating the Central Committee's guiding principles and policies with the actual conditions in Tibet. Whether in promoting economic and social progress, reform or opening up, we must proceed from overall national interests and the actual conditions in Tibet and seek truth from facts. Only by conscientiously studying Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics will we be able to grasp the scientific world outlook and methods of dialectical materialism and historical materialism that run through his theory; only then will we acquire a correct stand, viewpoint, and method and have a correct grasp—not a biased understanding—of the guidelines of the Third Forum on Work in Tibet; only then will we be able to readily achieve a common understanding while implementing the guidelines; and only then will we be able to advance in a pioneering spirit and stay clear of subjectivity and arbitrariness. We must also conscientiously study the guidelines of the third forum. The substance discussed at the forum was very rich, covering all aspects of Tibet's economic and social development as well as its political stability. In addition to the important speeches made by leading comrades of the CPC Central Committee including Jiang Zemin, Li Peng, and Li Ruihuan, the CPC Central Committee and State Council formulated opinions on accelerating Tibet's development and maintaining its social stability. In accordance with the forum's basic guidelines, relevant CPC Central Committee and state ministries and commissions also forwarded some appropriate supporting policies and made suggestions for specific implementation. We do not yet fully understand all these new principles and policies unveiled as Tibet enters a new period of development. Meanwhile, because we have long carried out construction under the system of planned economy, we cannot expect people to eradicate traditional ideas overnight. Moreover, due to uneven economic and educational development, we cannot expect people to share fully identical ideas and understanding. Therefore, we must

study assiduously in order to reach a common understanding in line with the guidelines of the Third Forum on Work in Tibet, eradicate old concepts and ideas that run counter to the forum's guidelines, and make a conscientious effort in implementing them. According to the forum's guidelines, we must focus closely on economic development and promote social progress; intensify reform and bring Tibet's economic structure in line with the nation's; safeguard reunification of the motherland and oppose ethnic secession; do a good job in nationality affairs and religious work and strengthen the united front; and strengthen the party itself and increase its fighting power. We must also address the issue of what Tibet should do in response to the concern shown by the CPC Central Committee and the assistance from all over the nation, conscientiously study documents, have a good grasp of their guidelines and substance, and truly understand the brilliant expositions and intelligent policy decisions on work in Tibet contained in the speeches of central comrades. We must study the guiding ideology for work in Tibet in the new period and implement the principles, tasks, policies, and measures for accelerating Tibet's economic and social development, and preserving its political stability. Only after obtaining a clear understanding will we be able to firmly and conscientiously implement the guidelines of the forum.

Leading cadres should take the lead in studying the guidelines within the party and across the region. Party and government organizations are the headquarters for implementing the forum's guidelines. In addition to a devotion to serving the people and rejuvenating Tibet, and the ability to bear hardships and withstand hard work, leading cadres at all levels must possess higher qualities and skills. For this reason, leading cadres at all levels must take the lead in conscientiously and painstakingly studying the guidelines; they must not stop after scratching the surface or be content with a only general understanding. Rather, they must concentrate on getting a good grasp of the guidelines and their substance, and play a truly exemplary role in the study and bravely shoulder the historical mission of implementing the forum guidelines. While taking the lead in the study, they must also lead and organize the people to study the forum guidelines to bring them home to every person and every household; and turn them into a powerful motive force inspiring people of all nationalities in the region to accelerate Tibet's development.

In studying the guidelines we must also take care to integrate theory with practice. Integrating theory with practice represents a good tradition and our party's study style; one of the fundamental principles for successful implementation of work in Tibet is integrating theory with practice—that is, integrating the Central Committee's major principles and policies with Tibet's realities. We study in order to apply what is learned. Therefore, study of the forum guidelines must be carried out in connection with the reality of our work and ideology in our respective localities or departments, and we must

conscientiously sum up the experience and lessons. We must analyze the situation of our respective departments in line with the central guidelines and make our own decisions. We must set definite objectives and have the means to achieve them. So long as we uphold the integration of theory with practice we will be able to integrate the care of the Central Committee, the assistance from all over the country, and our own efforts in turning a new chapter in the modernization drive on the snowy plateau.

In the upsurge of studying the forum guidelines, we must do solid work and stress practical results. We should vie with one another in studying more and learning more and, through our studies, be able to implement the guidelines in a still better way and usher in a new situation in the work of Tibet.

North Region

Beijing Makes Arrangements for Firearms Control

SK1908080194 Beijing BEIJING RIBAO in Chinese 5 Aug 94 p 1

[Text] Following the trial sponsored by the municipal intermediate people's court on 4 August to heavily punish a large number of convicts who had committed the crimes of illegally purchasing and selling firearms and ammunition and the crimes with firearms, the municipality held a meeting of leading cadres from the political and legal organs throughout the municipality on 4 August to further encourage the people and make arrangements for dealing strict blows at crimes with firearms and for capturing in a concentrated way all illegally-possessed firearms and ammunition.

Addressing the meeting was Su Zhongxiang, vice chairman of the municipal commission in charge of comprehensive management of public security, deputy secretary of the municipal political and legal commission, and director of the municipal public security bureau.

Su Zhongxiang pointed out: Under the leadership of the municipal party committee and the municipal people's government, the capital of the country has created a very fine general situation in public security. The opening of the "Yuan Nan" sports games and the National Day have been close on. In order to ensure security in the activities celebrating the 45th anniversary of the PRC's founding and in the "Yuan Nan" sports games, the public security organs should actively organize their forces and enhance their activities of cracking down on criminal cases with firearms. They should also capture criminal elements and take over all illegally-owned firearms and ammunition. Meanwhile, they should uncover and deal blows in a timely manner at the criminal activities of illegally manufacturing firearms and ammunition, illegally purchasing and selling them, illegally trafficking in them, and privately hiding them. All

uncovered criminal cases with firearms should be rapidly and strictly handled in line with the law. While the public security organs throughout the municipality are dealing strict blows at crimes with firearms, various counties, units, departments, townships, towns, neighborhoods, and residents' or villagers' committees, should extensively and deeply publicize the state regulations on firearms control and the municipal public security bureau's "circular on capturing in a concentrated way all illegally-possessed firearms and ammunition". They should also enable the vast number of people to know the law, to master it, to observe it, to boldly wage struggles against criminal activities, to actively offer clues to illegally-owned firearms, and to educate or encourage those who have illegally possessed firearms and ammunition to surrender them and to confess their problems. Those who have actively registered their firearms at the public security organs and surrendered their illegally manufactured, purchased, and obtained, as well as privately hid firearms and ammunition within the date set in the "circular" should be leniently handled by implementing the party's policies and according to the regulations of the law. Those who have concealed the registration and surrendering of firearms and ammunition should be strictly handled in line with the law as soon as their arms have been uncovered.

Beijing Passes Sentences on Several Firearms Violations

SK1908015594 Beijing BEIJING RIBAO in Chinese 5 Aug 94 p 1

[Text] The municipal intermediate people's court held a trial on 4 August to strictly punish a large number of serious convicts on charges of illegally purchasing and selling firearms and ammunition, illegally manufacturing firearms, committing murder with a firearm, and committing theft with a firearm. During the trial, three convicts—Wen Fengjun, Li Chunyou, and Zhang Baochang—were sentenced to death and deprived of political rights for life on charges of illegally purchasing and selling firearms and ammunition, committing robberies and theft, practicing hooliganism, and privately hiding firearms and ammunition. Other convicts involved in the same cases—including Chen Guoli, Sun Fangxiu, Ma Fuzeng, Yi Xiaoliang, Liu Hu, Qi Baoping, and Zhang Guilan—were sentenced respectively to life in prison or shorter terms of imprisonment.

During August-October 1993, Wen Fengjun, a worker at the municipal Yanshan cement plant, and Chen Guoli, one of the municipality's unemployed, repeatedly scurried into Guangxi Province and other outside places to illegally purchase six military pistols of the "Kert", "Mauser" or "54-caliber" model, and more than 100 rounds of ammunition.

After stealthily returning to Beijing, Wen Fengjun shared one pistol and more than 10 rounds of ammunition, and Chen Guoli shared two pistols and more than 80 rounds of ammunition. In October 1993, Sun Fangxiu, another

unemployed person within the municipality, purchased a "Kert" model pistol and several rounds of ammunition from Wen Fengjun. Chen Guoli, Wen Fengjun, and others also scurried into the Fangshan District in an attempt to commit theft, but failed to carry it out.

During October-December 1993, Ma Fuzeng, a worker at the Yanshan cement plant in Beijing, privately hid in his home two pistols and more than 10 rounds of ammunition bought from Wen Fengjun and Sun Fangxiu.

During the trial, Wen Fengjun was sentenced to death and deprived of political rights for life on charges of illegally purchasing and selling firearms and ammunition; Chen Guoli was sentenced to life imprisonment and deprived of political rights for life on the same charge; Sun Fangxiu was sentenced to eight years imprisonment and deprived of political rights for one year on charges of illegally trading and privately hiding firearms and ammunition; and Ma Fuzeng was sentenced to two years imprisonment on charges of privately hiding firearms and ammunition.

In November 1993, Li Chunyou, another unemployed person within the municipality, organized a criminal group with Yin Xiaoliang and Qi Baoping, two other unemployed people within the municipality, and Zhang Guilan (f), a peasant from Chaohu in Anhui Province. One day they entered the Tianqiao Hotel and stayed in room 1103. Zhang Guilan played at being a prostitute, receiving a visitor from Taiwan. Then Li Chunyou, Yin Xiaoliang, and Qi Baoping rushed into the guest room, beat the Taiwanese guest, and threatened him with self-produced repeating rifles that use steel bullets, as well as with daggers. They robbed him of more than 700 yuan Renminbi, 104 yuan of foreign-exchange certificates, 922 dollars, 27,000 in new Taiwan currency, a video camera, a necklace, a ring, and a watch.

According to the investigation, the two repeating rifles that use steel bullets were illegally bought by the two convicts Li Chunyou and Yin Xiaoliang from outside places.

During the trial, Li Chunyou was sentenced to death and deprived of political rights for life on charges of committing robberies and theft, illegally purchasing and selling firearms and ammunition, and practicing hooliganism. Yin Xiaoliang was sentenced to life imprisonment and deprived of political rights for life on charges of committing robberies and of illegally purchasing and selling firearms and ammunition. Liu Hu was sentenced to 15 years imprisonment and deprived of political rights for three years on charges of committing robberies. Qi Baoping was sentenced to 13 years imprisonment and deprived of political rights for three years on charges of committing robberies. Zhang Guilan was sentenced to seven years imprisonment and deprived of political rights for one year on charges of committing robberies.

Zhang Baochang, a peasant in Changping County within the municipality, is the owner of a small bus business. He

quarreled with the personnel of another small bus firm, including Yan Chunhua (whose case will be handled at other trial), for drawing in passengers. By designing reprisals against Yan, Zhang Baochang and Wang Rong (whose case will be handled at another trial) stole a car with a double-barrel hunting rifle, then drove along the streets looking for Yan Chunhua and others. When the car arrived at the southern end of Gulou Street in the town of Changping in Changping County, they passed a small bus driven by Li Lixin (male, 27 years old, and owner of the individual-run transportation firm). Convict Zhang Baochang mistook Li for the driver of Yan's bus firm and forcibly stopped the small bus. Wang Rong first smashed the glass window with the gun butt, then convict Zhang Baochang killed Li Lixin with the gun.

During the trial, Zhang Baochang was sentenced to death and deprived of political rights for life on charges of committing intentional murder, practicing hooliganism, and privately hiding firearms and ammunition.

During the trial, Zhang Qingrui, an electric worker in Mafangsi village in the Wangsiying township of the Chaoyang District, was sentenced to 11 years imprisonment on charges of privately hiding firearms and ammunition and illegally manufacturing guns; Wu Jianjun, a worker at the Xindadu Restaurant, was sentenced to 10 years imprisonment on the same charge.

First Hospital System Integration Firm Opens in Beijing

*OW1908032194 Beijing XINHUA in English 0248
GMT 19 Aug 94*

[Text] Beijing, August 19 (XINHUA)—China's first joint-venture company that supplies hospitals with computer information systems has opened here recently.

The Beijing Trisun-Wyse Hospital System Integration Company will provide computer information systems to hospitals in China so as to automate hospital functions such as medical record management, financial management and medical statistics, said the general manager of the company.

The firm is jointly established by the Hospital Administration Institute of the Ministry of Public Health and Wyse Technology Inc. of the United States, one of the world's leaders in computer terminal sales.

Hebei Urges Control of Fake Medicine, Oil, Cotton Producers

SK1908051894 Shijiazhuang HEBEI RIBAO in Chinese 2 Aug 94 p 1

[By reporter Bai Zhihong (4101 1807 1347): "Deal Stern Blows to Activities of Selling Fake Medicines, Oil, and Cotton"]

[Text] Recently, problems were exposed in market management such as the selling of counterfeit medicine in Wuji medicine markets and the adulteration of quality

products in indigenous oil refining furnaces in places along the No. 107 state highway, and during the purchase and sale of cotton in some areas. The provincial party committee and government paid great attention to this issue and held a meeting to specially study and draft plans for dealing stern blows to law-breaking criminal activities on selling fake and inferior products on the afternoon of 1 August.

Cheng Weigao, secretary of the provincial party committee, gave special instructions for this task. Provincial Governor Ye Liansong, and Vice Governor Wang Youhui respectively made statements at the meeting.

In a letter to this meeting, Cheng Weigao called for efforts to immediately organize to realistically rectify the existing problems. He emphasized that places where sales of fake and inferior products were rampant and places where this business is conducted in violation of discipline despite repeated orders, are the responsibility of the functional and administrative departments should be called to account.

Ye Liansong said: Though, we paid attention to some problems of market management at the previous stage, and even adopted stern measures to some of them, judging from the present situation, the problems have not been thoroughly solved. The appearance and exposure of these problems will seriously damage the image of Hebei and create losses which cannot be made up for in the course of reform, opening up, and the economic construction of Hebei province if they are not solved as quickly as possible. Hence, the departments at all levels must quickly adopt effective measures, resolutely check and deal stern blows to the improper acts and various unlawful criminal activities in production and management.

Ye Liansong pointed out: At present, we should grasp the three priorities of dealing blows to the sales of fake drugs, oil, and cotton. First, we should continue to check up, rectify, and manage the medicine markets, consolidate what has been achieved, and prevent the reappearance of fake products. For the remaining and newly-emerging problems, we should firmly grasp them through to the end. We should center on doing a good job in rectifying Wuji medicine market, place a resolute ban on the areas where illegal medicine is sold and the invisible medicine markets. Second, regarding the refined oil markets, we should conscientiously carry out the State Council's mobilization plan on rectifying the refined oil market and quickly conduct rectification work. Particularly, we should firmly and successfully carry out the work of rectifying the gas stations and small indigenous oil refining spots along the No. 107 state highway. All the indigenous oil refining spots must be banned and unlicensed and illegally run gas stations must be closed down in line with law. All cities and prefectures must conduct an overall checkup of the diesel oil and gasoline selling points and supplying stations at their localities, mobilize masses to report crimes, and handle cases on adulterating quality products with inferior ones or selling fake

diesel oil and gasoline in line with law. Third, we should deal a stern blow to the law-breaking criminal activities of adulterating quality products with inferior ones during the purchase and marketing of cotton. Hebei province is the victim and also a wrongdoer in this aspect. The season of selling and buying cotton will come in a few months, therefore, it is very urgent and essential to deal a stern blow to the unlawful criminal activities in this aspect. We should conscientiously implement the guidelines of the circular of the Central Commission of Political Science and Law on dealing stern blows to the law-breaking criminal activities of adulterating quality products with inferior ones during cotton buying and selling, and resolutely carry out various crackdown measures. We should earnestly safeguard the normal order during cotton purchase and marketing through comprehensive management.

Ye Liansong emphasized that we should further strengthen market management and safeguard market management order. First, we should conscientiously carry out the "law against unfair competition" and the "law of protecting the rights and interests of consumers," and add impetus to enforcing law. Second, we should strengthen the investigation and management of the dealings between the major units qualified to do this business and the managers. Third, we should persevere in developing the struggle of "dealing blows to fake products".

Wang Youhui pointed out at his statement: The issue of understanding is the crux involved in the reappearance of sales of fake medicines on Wuji medicine market and the ineffective management. He said: The medicine market is a special market and medicines are special commodities, which are of great importance to human life. This problem cannot be solved well if we don't have a clear understanding of it. We cannot solve problems only by relying on documents from the high level if we fail to have a specific measure now. Hence, efforts should be made to persist in dealing stern blows and grasp the task to the end.

Tianjin Mayor Warns Against Illicit Market Activities

*SK1808132394 Tianjin People's Radio in Mandarin
2300 GMT 17 Aug 94*

[Text] Zhang Lichang, mayor of the municipality; as well as Zhang Haosheng and Zhuang Gonghui, vice mayors of the municipality; inspected the supplies for the grain, cooking oil, vegetable, and egg markets throughout the municipality on the morning of 17 August.

During their inspection tours, Zhang Lichang pointed out: Whether we can maintain market prosperity and price stability represents an important aspect in consolidating and developing the municipal excellent situation. The more passive phenomena market prices have encountered, the more concerns for the people's livelihood leading cadres at all levels should show. Departments in charge of industrial and commercial affairs and

of commodity prices should go deep into grass-roots level units and adopt practical effective measures to lower and stabilize the prices of grains, cooking oil, vegetables, meat, and eggs. The production and business units owned by the state, collectives, and individuals should consider the whole situation; make efforts to increase the sources of goods and the variety of products; and reduce the intermediate links as much as possible. They should also narrow a series of price differences and uphold the principle of small profits, but quick turnover. Efforts should be made to resolutely deal blows without being softhearted with those who have disturbed the markets, raised prices arbitrarily, and dominated the market through cheating. Those who have caused serious trouble in markets should be punished in line with the law. We should remind the people across the municipality to proceed from the whole situation of maintaining market prosperity and price stability to assist the relevant departments to commonly and successfully supervise and manage the markets so as to make new contributions to consolidating and developing the excellent situation of the municipality.

Tianjin Reports Increase in Foreign Processing Trade

SK1808140594 Tianjin TIANJIN RIBAO in Chinese 5 Aug 94 p 1

[Text] In the first half of this year, Tianjin continued the rapid increase in its foreign processing trade. According to statistics, in the first half of this year, the import and export volume through Tianjin Harbor covered by Tianjin's foreign processing trade was \$812 million, an increase of 45.94 percent over the same period last year, or accounting for 39.73 percent of Tianjin's total port import and export volume in the first half of this year. Of this, exports amounted to \$403 million, accounting for 43.8 percent of the total, or an increase of 38.97 percent; and imports amounted to \$409 million, accounting for 36.39 percent of the total, or an increase of 53.18 percent. In addition, the export of processed goods with materials provided from domestic areas amounted to \$340 million, an increase of 45.92 percent over the same period last year, or significantly higher than the increase margin of general export trade, which was 17.51 percent. The export of processed goods with materials provided from abroad amounted to \$62 million, an increase of 12.73 percent over the same period last year, reversing the slight decrease situation in the same period last year. In the first half of this year, the number of contracts for processing materials provided from abroad, which were registered with Tianjin Customhouse, was 898, an increase of 29.39 percent over the same period last year.

Major products exported through the processing trade included machinery and electronic products, clothing, shoes, textile yarn, fabrics, toys, boxes, plastics, and furniture. Of them, the exported machinery and electronics products amounted to \$169,580,000, accounting for 75.12 percent of Tianjin's total export volume of machinery and electronic products.

Major markets for Tianjin's exports of processing trade were the United States, Hong Kong, Japan, the ROK, and Germany. Exports to these countries and regions totaled \$310 million, accounting for 76.84 percent of the total export of processing trade. Tianjin's export of processed goods to these countries and regions respectively accounted for 66 percent, 61 percent, 38 percent, 57 percent, and 35 percent of the total export volume to these countries and regions. Of this, the export volume of the processing trade to the United States and Hong Kong was \$115 million and \$69 million respectively.

Tianjin Creates Rural Social Service Network

OW1908093794 Beijing XINHUA in English 0830 GMT 19 Aug 94

[Text] Tianjin, August 19 (XINHUA)—A sophisticated rural social service network has taken shape in Tianjin, north China's port city.

By the end of last year, Tianjin had 22,000 social service organizations involving 9.5 percent of its rural population.

The organizations, equipped with computers and fax machines, provide a variety of information about irrigation, the promotion of good crop varieties, the processing of agricultural products, transportation and the market.

Some 48 percent of the organizations are economic entities employing more than 10,000 people.

Northeast Region

Aviation Network Takes Shape in Northeastern Provinces

OW1908090494 Beijing XINHUA in English 0840 GMT 19 Aug 94

[Text] Shenyang, August 19 (XINHUA)—A close-knit aviation network is taking shape in China's heavy industrial center of northeast China.

The northeast China region, made up by Heilongjiang, Jilin and Liaoning Provinces, has launched several local airlines in addition to the national northern airlines, serving 120 routes that link the region with 42 major cities at home and abroad.

The area's annual aviation handling capacity has reached four million people and 74,000 tons of cargo.

Some of the major airports are able to handle all large- and medium-sized airplanes.

China's Northern Airlines is to import six more A300-600 Airbuses, having taken delivery of two already. It has also leased two large Ilyushin-86 passenger aircraft.

The central and local government are expected to make more investments in civil aviation industry, especially in

the construction of large airports in Shenyang, Dalian, Harbin and Changchun cities.

The region will concentrate its efforts on the building of routes to Beijing, tourism and open cities of other provinces and air routes to Russia, Japan, the Republic of Korea and Southeast Asian countries, as well as to Western European and North American countries.

Heilongjiang Acting Governor on Enterprise Management

SK1908083994 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 18 Aug 94

[Text] The provincial enterprise management work conference continued today. Acting Governor Tian Fengshan gave an important speech on persisting in keeping the eyes inward, strengthening management, and promoting economic development in the whole province.

After expounding upon the need to keep the eyes focused inward and to strengthen management in the three aspects, Tian Fengshan offered four points of view. He said: First, the most fundamental and important thing to do is to make enterprises march towards the market, adapt themselves to the market, and realistically change themselves from production units into production and management units. Concerning the production, management, survival, and development of enterprises, we must change from the past practice of mainly relying on the government into relying on the market, from being mainly guided by plans into being guided by the market, and from accepting inspection and examination from the commercial departments into inspection by the market. The concept of enterprise leaders and the development strategy, operational mechanism, and management methods of enterprises must be determined in line with the market situation, and must meet market needs. Second, it is necessary to comprehensively strengthen enterprise management. Tian Fengshan said: Over the past years, our province made certain achievements in enterprise management work. However, the situation in which technology is backward and management is even worse remains unchanged. The priorities of enterprise management are to improve quality, reduce consumption, and increase efficiency. The entire province's enterprise management work must be carried out around these priorities and be carried out strictly and persistently. Third, efforts should be made to deeply carry out internal reform of enterprises, make the basic accounting units smaller, establish internal organizational organs that fit the market economy, reform the workers' distribution system, evaluate the competency and achievements of workers, select and employ the best workers, and enhance the adaptability of enterprises to the market. Fourth, it is necessary to strengthen the building of leading bodies, establish a contingent of outstanding entrepreneurs. Governments at all levels must pay attention not to selecting entrepreneurs according to the method and standards for selecting government

officials. We must actively create conditions for entrepreneurs to show up. Regarding entrepreneurs who realistically have ability and make outstanding contributions to the entire province's economic development, we should increase their remuneration, enhance their social status, provide conveniences for their work to the greatest extent, and give them special protection.

Tian Fengshan also stressed: It is necessary to pay attention to successfully building the ranks of workers, correctly handling the relationship between the managers and producers, and guaranteeing the master status of the broad masses of workers.

Tian Fengshan stressed at the end of this speech: The provincial government's stress of keeping the eyes focused inward applies not only to enterprises. Governments at all levels, all fronts, and all aspects must also keep their eyes inward, stand on their own feet, and improve themselves. The entire province, from the higher to the lower levels, must enhance spirit, make concerted efforts, advance despite difficulties, and exert efforts to promote economic development in the entire province.

Heilongjiang Holds Meeting of Agencies Stationed Abroad

SK1908063594 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 18 Aug 94

[Text] The two-day Heilongjiang provincial meeting of provincial agencies stationed in foreign countries to discuss foreign economic and technological cooperation ended on 17 August. Agreements on 13 projects were officially signed as well as 25 contracts for other projects. Total investment amounted to \$48.88 million; contracted foreign capital totalled \$31.73 million.

During this meeting, domestic and foreign businessmen from 13 countries and regions gathered in Harbin to hold talks on economic and technological cooperative projects of common interest with persons from the economic and enterprise circles of 14 prefectures and cities in our province.

At 1600 in the afternoon of 17 August, 12 projects were officially signed. Of this, the cattle breeding and comprehensive processing project signed by the Binxian Animal Husbandry Bureau and the Pacific Industrial Company of the United States, and the real estate development and house furnishing contract signed by the Market Development General Company of Daoli District in Harbin and the (Jienuokang) Group company of the United States drew the people's attention.

During the meeting, many contracts of intention were also signed. The investment structure was quite rational. Of the 25 contracts signed, 80 percent were productive projects. The industrial structure was fairly close to the idea of five extensions proposed by the provincial party committee and the provincial government. The scope of investment in foreign projects was fairly large. The

average investment in contracted projects was \$1 million. The 25 contracts also involved many trades, including textile industry, garment industry, real estate development, soybean intensive processing industry, and agricultural comprehensive development items.

Heilongjiang's Policies on Enlivening Land Resources Noted

SK1808140694 Harbin HEILONGJIANG RIBAO in Chinese 7 Aug 94 p 1

[By reporter Zhao Fengjiang (6392 7685 3068): "The Provincial Land Bureau Works Out Preferential Policies and Expands the Dynamics of Soliciting Business"]

[Text] A few days ago, the provincial land bureau worked out profit-concession policies on attracting domestic and foreign enterprises and individuals to develop "wasteland, barren hills, and deserted beaches, ditches, and water surfaces" and on reducing the pressure of enterprises on use of land. A vast area of land resources and land property in our province have not yet been developed and utilized. Only "five deserts," (namely wasteland, barren hills, and deserted beaches, ditches, and water surfaces) occupy an area of more than 71 million mu, and the "five deserts" are still sunk in slumber. The development and utilization of these resources are a key link for "extension and acceleration." In the past two months, the provincial land bureau mobilized the cadres on its front as a whole to study Volume 3 of the *Selected Works of Deng Xiaoping* according to the actual conditions; stood from the position of developing the socialist market economy to reexamine the national situation, the provincial situation, and the land prices; sought unity of thinking; and worked out preferential and supporting policies on soliciting business and introducing capital in line with the special features of the land trade.

The provincial land bureau defined to concede benefits to the enterprises and individuals engaged in the development of the "five deserts" on the premise that the land utilization period can reach 50 years and the land utilization rights are allowed to be transferred, rented, presented as gifts, and inherited. Those who develop the "five deserts" with a utilization period ranging from 30 to 50 years are allowed to pay the charges in the ten years after they earn profits. Those whose utilization period is within 30 years can earn a discount from 30 to 50 percent on benchmark land prices. Land should first be transferred to the enterprises that develop, reclaim, and renovate land for self-extension and self-construction. Those that develop the land for production use are permitted to either contract the land for others or rent the land. The governments can only collect from 10 to 30 percent of the land transfer incomes from these enterprises. As for the large-scale development of the "five deserts," the land ranging from 500 to 1,000 mu should be approved by the city governments (prefectural administrative offices; the land more than 1,000 mu, the provincial people's government; and the land below 500 mu, the county (city) people's governments.

To reduce the economic burdens of the enterprises that develop land for self-extension, we should give preferential land prices. That is, the price of land should be reduced by 10 to 30 percent. Those with economic difficulties are permitted to either pay by installments or delay the payment on the basis of enjoying preferential policies. Those that solicit business and assimilate capital by providing land can obtain 30 to 70 percent of the money gained from land transfer. The enterprises carrying out the property right system reform for self-extension should shift state-owned land utilization rights into property of enterprise legal entities in the forms of marketing, buying shares, and leasing. These enterprises should pay the land transfer money in one lump sum at the prices discounting 30 to 70 percent on the benchmark land prices. Those actually with difficulties in paying in one lump sum are allowed to clear the bill in five to 10 years on the premise that 20 percent of the land transfer charges should be paid first. The enterprises whose assets cannot cover the debts are allowed to compensate for their debts with the money gained from transfer of land within the set time with the approvals of the city and government governments so that the enterprises for self-extension can allocate the spending on use of land 30 to 70 percent less than other enterprises.

Cities and counties are allowed to readjust the orientation for input of real estate income in the course of accelerating the local markets and deepening the reform of the land utilization system. With the approvals of the city and county governments, cities and counties can use 30 percent of the real estate income to support the production and construction of the enterprises for self-extension.

The provincial land bureau has established an office in charge of the development of "five deserts" and also strengthened the services of land utilization rights and the land supervisory work.

Jilin Secretary He Zhukang Affirms Courts' Achievements

SK1908062494 Changchun JILIN RIBAO in Chinese 6 Aug 94 p 1

[By reporter Liu Li (0491 0500): "He Zhukang Fully Affirms the Provincial Court's Work Achievements"]

[Text] On the afternoon of 4 August, He Zhukang, secretary of the provincial party committee; and Wang Jinshan, deputy secretary of the provincial party committee, inspected the provincial higher people's court and guided its work. He Zhukang pointed out that the courts at various levels across the province should have their eyes on the overall situation; clearly understand the situation and the tasks; further expand the dynamics of law enforcement; upgrade the law enforcement level; ensure the smooth progress of reform, opening up, and economic construction; and promote the province's political and social stability.

Comrade He Zhukang first listened to the provincial court work report delivered by Yang Qingxiang, president of the provincial higher people's court. After that, he talked with some comrades of the provincial higher people's court. Over the past years, the courts at various levels across the province have conscientiously implemented the arrangements of the central authorities and the provincial party committee, persisted in the principle of "taking a two-hand approach and being sure that both hands are tough," and carried out the work closely in line with the key economic construction link. We should firmly attend to the trial of major and appalling economic criminal cases; promote the deep progress of the struggle against corruption; readjust and balance ourselves according to laws, economic laws; positively and actively serve economic construction; persistently put the safeguarding of social stability in a prominent position; positively participate in the comprehensive management of social order; ceaselessly strengthen the setup of the contingent; and promote the progress of trial work. The courts across the province have made new work achievements and greatly upgraded their overall quality. From the beginning of 1992 to the end of June 1994, the courts across the province accepted 323,000 cases of various categories and concluded 302,000 cases or 93.4 percent. Of this, 466 major and appalling economic criminal cases were concluded, thus retrieving a huge sum of money for the state and the collectives; and 43,742 cases of economic disputes were examined and concluded, thus helping enterprises enliven nearly 2 billion yuan of funds. Simultaneously, the courts also received visitors and handled incoming letters from the masses and brought their functions into full play.

He Zhukang fully affirmed the work done by the courts across the province and also set forth new requirements. He said: The courts across the province have made prominent achievements over the past years. These achievements have not come easily. The courts have made such achievements by tiding over various difficulties and unfavorable factors. The provincial party committee and government are satisfied at this.

He Zhukang pointed out: At present, the people from higher levels downward across the province are conscientiously implementing the party Central Committee's basic principles governing the work of the whole party and the whole country and are making efforts to accelerate the setup of the socialist market economic system and the building of a developed border, near-the-sea province. The courts at various levels should have their eyes on the overall situation, further define the situation and the tasks, accelerate the dynamics of law enforcement, ceaselessly upgrade the law enforcement level, and make new contributions to the development of all undertakings and social stability. We should be good at taking into consideration the court work in line with the overall situation and enhance the ability in approaching from the high plane of the overall situation to observe, analyze, and solve the problems. On the one hand, in line with the overall situation, we should conscientiously

enforce the functions of the judicial organs, attack crimes, and safeguard stability. On the other hand, we should positively suggest ways and means to consolidate the ruling position of the party and upgrade the party's ruling level and bring into play the proper role of judicial organs.

We should regard the trying of economic criminal cases, particularly major and appalling economic cases, as a focal point; and pay prominent attention to it. At present, the general situation of the province is good, the economy is well developed, and society is stable. However, the development of the situation is not even, and some problems in urgent need of solution and some unfavorable factors still exist. Particularly, various categories of cases, including major and appalling economic cases, are emerging at a faster rate. We should fully understand this, enhance the sense of urgency and the sense of responsibility, strengthen measures, overcome obstacles, work according to the principle of "being resolute first and prudent second, and being sure to be accurate," concentrate efforts to sternly and rapidly try major and appalling economic criminal cases according to laws, and deeply wage the struggle against corruption.

We should enhance the thinking of serving the people wholeheartedly, adopt the attitude of assuming high responsibility to the party and the people, strictly and solemnly enforce laws, and ceaselessly upgrade the law enforcement level. We should help cadres enhance the spirit of conscientiously assuming responsibility; concentrate their entire energy on study and work, the building of a developed border, near-the-sea province, and the building of a socialism with Chinese characteristics; and bear our historically heavy task. Therefore, we should strengthen study, be diligent in thinking, bravely engage ourselves in practice, ceaselessly sum up experiences, and make improvements in a step-by-step manner. The leaders at various levels should play an exemplary role in this regard, teach by personal example as well as verbal instructions, and earnestly practice what they advocate.

We should further strengthen the construction of organs and upgrade the quality of the cadres contingent. Following the organizational reform, another important task is to strengthen the construction of organs. Organs should realistically grasp the improvement of work style, the setup of the work system, and the construction of the cadres contingent. The provincial higher people's court has gained successful experiences in this regard. So, we should sum up and popularize these experiences, continue to carry forward these experiences, and strive to build a contingent of law enforcers being firm in political awareness and proficient in professional work, having a perfect mastery of work style, and being honest in performing official duties.

The people's courts should bring their functions into full play, ceaselessly widen the spheres and ways for serving the progress of reform, opening up, and economic construction; and upgrade the level and effect of service.

Comrade Wang Jinshan set forth requirements for the province's court work. He pointed out: We should upgrade the work of the courts across the province to a new height. We should try major and appalling economic criminal cases according to laws, ceaselessly promote the deep progress of the struggle against corruption, upgrade the prestige of the party and the government, and strive to enjoy the trust of the people. We should conscientiously implement the principle that whoever takes charge of the work should assume responsibility for the work, positively participate in the comprehensive management of social order, and create a good social environment for reform, opening up, and economic construction. We should further strengthen the improvement of thinking and work style and advocate and carry forward the spirit of observing regulations, abiding by disciplines, doing our duties, and making selfless sacrifice. Simultaneously, we should strengthen study, ceaselessly upgrade the overall quality of the court cadres and police contingents, upgrade the law enforcement level, and better provide legal guarantees and services for the development of all undertakings and social stability.

Responsible comrades of the general office of the provincial party committee joined the talks.

Typhoon Affects 1.7 Million People in Jilin Province

OW1808113894 Beijing XINHUA in English 0718
GMT 18 Aug 94

[Text] Changchun, August 18 (XINHUA)—The north-east Chinese province of Jilin was again hit by torrential rains that came with a strong typhoon, sources from the provincial flood control headquarters said.

It is the sixth time this year that the province was hit by heavy rainfall, which has caused flooding in 19 counties and cities across the province.

The intensive rainfall in such large amounts has raised the water level of rivers and reservoirs. Water levels in seven rivers have surpassed the record high; seven among 13 reservoirs across the province have a water level higher than restricted level.

As of this morning the number of people affected by the flooding totals 1.715 million people in 19 counties and cities, with 298,000 stranded and 284,000 having been evacuated from heavily hit areas.

Flooding has left large areas of towns, including Meihekou and Hailong, submerged. One third of the residents in that district have been moved out.

Flood relief work is under way, with 409,000 people with 26,000 vehicles taking part.

The flooding has cut off three railway lines and 100 highway lines. A large number of water conservation facilities have been destroyed.

Liaoning Reports on Anticorruption Work

SK1808131794 Shenyang LIAONING RIBAO in
Chinese 4 Aug 94 p 1

[Text] Beginning 17 July, the Central Anticorruption Investigation Group spent half a month in our province to guide anticorruption work and exchanged views with the provincial party committee on 2 August on how to deeply and lastingly carry out the anticorruption struggle in a more effective manner. The central investigation group fully affirmed our province's achievements in anticorruption work.

Since the third plenary session of the Central Discipline Inspection Commission, the party committees and governments at all levels have conscientiously implemented the three anticorruption tasks in accordance with the 1994 anticorruption work plan issued by the party Central Committee, the State Council, and the Central Discipline Inspection Commission and in line with reality.

First, party and government leading bodies and cadres at and above the county (section) level conscientiously conducted work on keeping themselves clean and self-disciplined and on conducting self-investigation and self-correction. As of 10 July, five leading bodies, including the provincial party committee, the provincial government, the provincial people's congress, the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], and the provincial discipline inspection commission, had held democratic life activities to make self-investigation and self-correction. Of the 35,965 cadres at and above the county (section) level who needed to participate in self-investigation and self-correction, 33,420 people had already conducted self-investigation and self-correction, accounting for 92.9 percent. Of this, 33 were county-level cadres and 1,098 were cadres of departmental level of cities, respectively accounting for 90 percent and 89.9 percent of the number of people who should make self-investigation and self-correction.

Second, they conscientiously investigated and handled cases on law and discipline breaches and expanded strength in the work of investigating and handling major and appalling cases. The provincial party committee heard briefings on the special topic of investigating and handling major and appalling cases given by the discipline inspection, supervision, and procuratorial organs on several occasions. Principal leaders of the provincial party committee and government put forward explicit demands in this aspect, helped them study and resolve difficulties and eliminate obstructions that they encountered in the course of handling cases. During the first half of this year, discipline inspection and supervision organs at all levels across the province filed for investigation a total of 3,347 cases on law and discipline violations, an increase of 14.3 percent over the same period of last year. Of these cases, 346 were major and appalling cases. One thousand and eight hundred party members and

cadres involved in the cases were punished. Among them, four people were cadres at the city and department levels, and 93 were cadres at the county and section levels. Economic losses totalling 16.05 million yuan were recovered. During the first half of this year, the procuratorial organs at all levels across the province accepted 2,777 economic cases of various descriptions, up 60.3 percent over the same period of last year; and accepted 636 major and appalling cases, up 74.2 percent over the same period of last year. In the course of investigating and handling major and appalling cases, the provincial discipline inspection commission, the provincial supervision department, and the discipline inspection commissions and supervision bureaus of various cities adopted the method of having leaders assume responsibility over the investigation and handling of cases, thus effectively promoting and accelerating the progress of handling cases. At the same time, they also established a incentive mechanism. More than 100 personnel across the province who contributed to the handling of cases were commended.

Third, new progress was made in conducting a special campaign to screen and straighten out unhealthy trends. This year, the provincial government made public the abolishment of 18 items of service charges, which might reduce the burdens of enterprises and the masses by 600 million yuan. In the course of solving the problem of arbitrarily collecting fees, they mainly attended to supervision and inspection, as well as "revenue and expenditure" and achieved fairly good results. The unhealthy trend of using public funds to travel outside the country (territory) had been basically checked in the whole province. From October last year to May of this year, they checked the use of public funds for travelling to other countries in a disguised form, stopped 337 regular official observation tours and training sessions abroad, involving 1,022 people, and saved 19.753 million yuan in funds; screened and consolidated economic entities run by party and government organs and enabled 5,222 economic entities to completely cut their ties with party and government organs, accounting for 74.3 percent; urged 7,149 office functionaries to resign from one of their two posts, accounting for 82.8 percent of the total number of functionaries who should resign; conscientiously screened and straightened out the problems of party and government organs and functionaries that asked for or misappropriated money and articles of enterprises. Furthermore, definite achievements were also made in other relevant special screening work.

The central investigation group held that under the leadership of the provincial party committee and the provincial government, our province has achieved a certain success of varying degrees in investigating and handling major and appalling cases, in screening the use of public funds for travelling abroad, and in checking unhealthy trends during the anticorruption struggle. Judging from the general situation, this work had been conscientiously carried out, the situation was good, and the development was sound. On how to deeply and

lastingly conduct the anticorruption struggle in a more effective manner, the central investigation group also offered many good views and suggestions.

Gu Jinchu, secretary of the provincial party committee, put forward explicit demands for the whole province to carry out the next step of anticorruption work. First, leaders at all levels must further enhance understanding and strengthen leadership over the anticorruption work. It is necessary to combine anticorruption work with reform and opening up, correctly understand and handle the relationship between reform and opening up and anticorruption, and persist in taking a two-handed approach in work. Second, we must expand strength in investigating and handling major and appalling cases. Particularly, they must conscientiously analyze the reasons for the occurrence of major and appalling cases, draw lessons from them, stop the loopholes, and educate the broad masses of party members. Third, we should conscientiously attend to straightening out unhealthy trends and grasp it well until good results are achieved. It is necessary to resort to the method of giving public supervision, build the mechanism of restraints from the angle of standardizing and institutionalizing the method, intensively solve the problems of unhealthy trends, and pay attention to the results in this regard. Fourth, we must create a healthy atmosphere in the whole province in a big way and promote the deeds of advanced persons and make an effort to educate and inspire the broad masses of party-member cadres and the masses to observe discipline and law and to struggle against unhealthy phenomena. We should expand strength in conducting propaganda with positive examples.

Attending the forum on 2 August were leading comrades of the provincial party committee, the provincial people's congress, the provincial government, the provincial CPPCC committee, and the provincial discipline inspection commission, including Gu Jinchu, Sun Qi, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Wang Chonglu, Xu Wencai, Li Guozhong, Yu Junbo, Liu Zhenhua, Yu Xiling, Cong Zhenglong, Wang Wenqian, Fu Jiaji, and He Enlong.

Liaoning Increases Urban-Rural Economic Cooperation

OW1808135594 Beijing XINHUA in English 1130 GMT 18 Aug 94

[Text] Shenyang, August 18 (XINHUA)—A new type of relationship between town and country has been taken shape in this heavy industrial center of China.

The town and country serve as each other's market and resources and their economies have been integrated and developed harmoniously.

The output value from rural areas of the province rose to some 40 percent of the province's gross social product last year, as compared with less than 20 percent under the planned economy before 1980.

Economic experts pointed out that, contrary to the past, the rural areas are now developing at a coordinated speed with the cities in the province and the joint development is benefiting both sides.

Liaoning used to be China's industrial leader, with over 60 percent of the revenue coming from state-owned enterprises. Rural development used to be neglected.

The drawback of this abnormal economic structure started to show up as China is gradually moving toward a market economy.

Since the late 1980s, mayors of some leading cities like Shenyang, Dalian and Anshan have observed the problem and started to stress the development of the rural areas.

At least 13 small economic zones have been established along the Shenyang-Dalian expressway and the coastline of the Yellow Sea. A cluster of small towns has been growing rapidly there.

Rural enterprises, with the help from urban industrial giants, mushroomed in the province. The number of joint ventures established by state-owned enterprises and rural enterprises exceeded 2,500 in 1993. They generated 15 percent of the total output value of rural enterprises.

In addition, more than 3,000 commodities markets established in the past few years are offering vigorous help to both the rural and urban economy in the province, experts say.

The booming rural economy has helped to revitalize state-owned enterprises as well. Officials said that as rural enterprises are turning over more and more taxes, state-owned ones have absorbed more of the capital badly needed for their renovation.

Experts said that state-owned enterprises also benefited a lot from transferring some of their production machines to rural enterprises.

Liaoning Individual, Private Enterprises Develop Rapidly

SK1808133194 Shenyang LIAONING RIBAO in
Chinese 4 Aug 94 p 2

[Text] Liaoning's individual industrial and commercial enterprises and private enterprises have developed in a sustained and rapid manner. By the end of June, individual industrial and commercial enterprises and private enterprises numbered 794,000, with a total employment of 1.439 million people, showing an increase of 19.4 percent and 26 percent over the same period last year. The total investment in individual and private enterprises amounted to 11.58 billion yuan, an increase of 92.7 percent. The total output value of these enterprises was 5.67 billion yuan, an increase of 20.9 percent, or accounting for 3.4 percent of Liaoning's total industrial

output value. The volume of retail sales of these enterprises totaled 17.4 billion yuan, an increase of 110 percent, or accounting for 45.8 percent of the province's total volume of retail sales.

Since the beginning of this year, development of individual industrial and commercial enterprises and private enterprises has witnessed the following new characteristics:

Individual industrial and commercial enterprises have developed more rapidly in rural areas than in urban areas. Since the commencement of reform and opening up, peasants' sense of market economy has been enhanced, specialized villages with predominant individual industrial and commercial households has risen rapidly, and a number of cropping and breeding trades with the purpose of netting profits have begun joining the ranks of individual industrial and commercial households. By the end of June, Liaoning issued licenses to 8,068 individual industrial and commercial households, covering 14,207 persons, an increase of 20.1 percent and 21.9 percent over the same period last year.

Economic strength of individual industrial and commercial enterprises and private enterprises has been enhanced further, their business scale has been expanded, and their economic efficiency has obviously improved. The total volume of investment in individual industrial and commercial households increased from 3.72 billion yuan by the end of last year to 6.6 billion yuan in the same period this year, showing an increase of 77.4 percent. The per-household funds rose from 5,711 yuan to 8,547 yuan, an increase of 49.7 percent.

Private enterprises witnessed the situation of high-speed growth. Increasingly more cities have embraced 1,000 or more individual industrial and commercial households. Following Shenyang, Dalian, and Fushun cities, Jinzhou, Liaoyang, Benxi, and Dandong cities have also embraced more than 1,000 individual industrial and commercial households each. At the same time, great changes have taken place in the organizational form of individual enterprises, the trend of turning private enterprises into corporations and groups has been obvious, and such enterprises have developed toward the direction of becoming science- and technology-oriented and export-oriented enterprises. The number of science- and technology-oriented private enterprises developed from 224 by the end of June last year to 420 in the same period this year, an increase of 87.5 percent. The number of private enterprises joining funds and cooperating with foreign corporations rose from 114 to 206, an increase of 80.7 percent. The total investment in private enterprises amounted to 770 million yuan, an increase of 110 percent, of which, foreign investment accounted for 45.5 percent. The number of private enterprises that earned foreign exchange through export increased from 48 to 66, an increase of 37.5 percent. These enterprises earned 79.95 million yuan in Renminbi in foreign exchange.

Among private enterprises, the structure of investors has witnessed obvious changes and quality improved. This

can be primarily manifested by the changes in urban and rural structures. By the end of June, the proportion of urban investors rose to 67.4 percent from 60.5 percent in the same period last year, and the increase speed of urban investors was faster than that of rural investors.

Liaoning Cracks Case of Manufacturing of Fake Certificates

SK1908071194 Shenyang LIAONING RIBAO in Chinese 2 Aug 94 p 3

[By reporter Liu Ziyang (0491 1311 7122): "Jinzhou Cracks Two Cases of Secretly Manufacturing Share Certificates"]

[Text] The Jinzhou city detachment of plainclothed public security personnel has recently cracked two cases of secretly manufacturing fake share certificates, and criminals have all been seized.

In March and April this year, Jinzhou discovered many fake share certificates of the Jinzhou Port Office and the Jinzhou Ferroalloy Plant. Due to their big quantity and low prices, these fake share certificates have imposed very great shocks on shareholding enterprises. Public security cadres seized 4,000 pieces of share certificates of Jinzhou Port with a nominal value of 2 million yuan at the home of criminal Feng Guo, a worker of a certain unit in Haicheng. Feng confessed that he took advantage of serving as deputy section chief of a certain printing house in Shenyang, and stole the surplus share of certificates printed by this house that were sealed off for destruction, in collusion with friends. Then, he went to Guangzhou where he had the printing list to manufacture fake share certificates secretly engraved, and sold these certificates in the markets in big quantities.

Another Criminal Hou Jun bought a share certificate of the Jinzhou Ferroalloy Plant earlier this year. Then, he went to Guangzhou where he spent 10,000 yuan to reprint a big quantity of fake share certificates and made his younger brother and sister sell them on the market. Through more than one month of hot pursuit by Jinzhou plainclothes public security cadres and policemen, these two criminals have finally been seized.

Northwest Region

Ningxia Promulgates Regulations on Religion

HK1908034694 Yinchuan NINGXIA RIBAO in Chinese 4 Jul 94 p 3

[Report: "Ningxia Hui Nationality Autonomous Region Provisional Regulations on Management of Religious Affairs"]

[Text] Notice on the Promulgation of "The Ningxia Hui Nationality Autonomous Region Provisional Regulations on Management of Religious Affairs"

To all administrative offices, the people's governments of all cities and counties (prefectures), and all departments and directly administered organs under the autonomous region's government:

Herewith are promulgated the "Ningxia Hui Nationality Autonomous Region Provisional Regulations on the Management of Religious Affairs." These regulations come into force on the date of promulgation. People's Government of the Ningxia Hui Nationality Autonomous Region
7 June 1994

Chapter I—General Principles

Article 1: These regulations are formulated in accordance with the "PRC Constitution," the "PRC Nationality Regional Autonomy Law," and other relevant state laws, regulations, and policies and in the light of the actual situation in the autonomous region, in order to guarantee the freedom of religious belief to citizens, protect normal religious activities, and to safeguard national unity and social stability.

Article 2: In these regulations, "religion" refers to Islam, Buddhism, Catholicism, Protestantism, and Taoism.

Article 3: All organizations and individuals who engage in religious activities within the administrative area of this autonomous region must abide by these regulations.

Article 4: People's governments at all levels must protect people's freedom of religious belief. No state organ, social group, or individual may compel a citizen to profess, or not profess, a religion and may not discriminate against citizens who have, or do not have, religious beliefs.

Article 5: Religious activities must be carried out within the scope permitted by state laws, regulations, and policies and the autonomous region's laws and government regulations. No person may use religion to engage in illegal activities.

Article 6: All religions and religious sects will uphold the principle of mutual respect and mutual noninterference, to safeguard unity between the various religions and within each religion.

Article 7: Religious organizations, in carrying out religious activities, must uphold the principle of independence and retaining the initiative in one's own hands. They must not be subject to control by foreign forces.

Article 8: The religious affairs departments at each level are the religious affairs administrative and management departments of the people's government at that level and they will manage and supervise the religious affairs within their administrative areas in accordance with the law.

Chapter II—Venues for Religious Activities

Article 9: Venues for religious activities refers to the following fixed places where citizens engage in religious activities:

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- A. Islamic mosques, halls and houses of prayer.
- B. Buddhist temples and convents.
- C. Catholic and Protestant churches and meeting halls.
- D. Taoist monasteries.
- E. Any other fixed religious activity venues for the various religions.

Article 10: Religious activity venues must be registered with the religious affairs administrative and management department of the county-level people's government and all procedures relating to land use and house registration must be handled in accordance with the stipulations in the relevant laws and regulations. Legitimate rights and interests can thereby be safeguarded.

Applications to erect new religious activity venues or to expand existing venues must be submitted by religious citizens or a democratic management organization. After gaining the agreement of the township (town) people's government, and ensuring that it conforms to land use management, urban and rural planning, cultural relic protection, public security, and fire-prevention regulations, the application will be submitted to the people's government of the county or above for approval. Work may commence, in accordance with relevant stipulations, after obtaining the license.

When religious activity venues are abandoned or merged, the matter should be reported for the record to the original registration organ. The property will be handled in accordance with the relevant state stipulations.

Article 11: Religious activity venues will establish democratic management organizations comprising religious teaching and administrative personnel and citizens who believe in that religion. The democratic management organization will be produced through democratic elections by the citizens who are religious believers. At the same time, various management systems should be established. These matters will be reported to the township (town) people's government for approval and reported for the record to the religious affairs administrative and management department of the county-level people's government. Personnel from state organs may not participate in religious affairs venue management organizations.

Article 12: The appointment of religious teaching and administrative personnel to preside over religious affairs at the religious affairs venues will be democratically discussed and decided by the religious believers. Local appointments will be reported to the religious social organization at the county level or above for approval. When it is necessary to appoint persons from outside the autonomous region, the proposed appointment must be agreed to by the local religious social organization and reported to the religious affairs administrative and management department of the people's government at the county level or above for approval.

Article 13: A system setting down a fixed number of personnel will be implemented for those religious

teaching and administrative personnel who are usually resident at the religious activities venue. A proposed number of fixed personnel will be put forward by the local religious social organization and this will be reported to the religious affairs administrative and management department of the people's government at the county level or above.

Article 14: The persons who are permanently resident in the religious activities venue, and those who are in temporary residence, must respect the household registration management stipulations. Persons who come from outside and are staying temporarily must carry their identity cards. Wandering Buddhist and Taoist monks who stay overnight at temples must also carry an introductory letter from the religious social organization where their domicile is registered.

Religious activity venues must not provide residence for persons who do not have clear identification.

Article 15: It is forbidden for any person to manufacture or hide weapons, dangerous implements, or ammunition, or engage in any illegal armed assembly, in any religious activity venue. It is also forbidden to provide convenient conditions for any of these activities.

Article 16: The buildings, facilities, legitimate income, and other legitimate property in religious activity venues is protected by the law and no unit or individual may appropriate or damage them.

Management of the property of religious activity venues will be the responsibility of the democratic management organization and the property will be collectively used and handled by the religious believers.

Article 17: If religious activity venues are used as economic entities engaged in production, service, or public welfare activities, they must obtain operational licenses and carry out tax registration. The operational situation will be publicly reported at set intervals to the religious believers and the operations will be supervised by those same believers.

Chapter III—Religious Teaching and Administrative Personnel

Article 18: Religious teaching and administrative personnel refers to Islamic imams; Buddhist monks and nuns; Taoist monks and nuns; Catholic bishops, priests, brothers, and nuns; and Protestant bishops, ministers, clergymen, and elders.

Article 19: Religious teaching and administrative personnel will be recognized and provided with religious teaching and administrative personnel certificates by the religious social organization of the autonomous region, city or county (prefecture), and such recognition will be reported for the record to the religious affairs administrative and management department of the people's government at or above the county level. Persons who have not been recognized and reported may not, with the

status of religious teacher or administrator, preside over religious activities, proselytize, or recognize or promote persons as religious teachers or administrators.

The legitimate rights and interests of religious teaching and administrative personnel are safeguarded by the law.

Article 20: Religious teaching and administrative personnel must meet the following conditions:

A. They must uphold leadership by the CPC and the socialist system, and safeguard the unity of the motherland and the unity of nationalities.

B. They must abide by the state Constitution, laws, regulations, rules, and policies.

C. They must act morally and properly, have a good knowledge and experience of the religion, and have the trust of the believers who of that religion.

Article 21: Religious teaching and administrative personnel, in carrying out religious and education activities, will act as follows:

A. They will carry out religious activities within the scope stipulated by laws, regulations, rules, and policies.

B. They must resist illegal activities and bring any to light.

C. They must administer their religions industriously and thriftily to reduce the economic burden on the believers.

D. When carrying out funeral ceremonies for believers, they must respect the wishes of the family members of the deceased.

Article 22: The religious teaching and administrative personnel will accept management and supervision by their religious social organization or by the democratic management organization of their mosque, temple, or church.

Article 23: Religious teaching and administrative personnel will safeguard the state's religious cultural relics, protect the environment in places of historic interest and scenic beauty, and maintain the safety of their mosque, temple, or church.

Chapter IV—Religious Activities

Article 24: When religious believers, in accordance with the rites, carry out the regulations and practices of their religion and, within a religious activity venue or in their own home, religious activities such as services, chanting of scriptures, fasting, worshipping Buddha, burning incense, praying, conducting mass, reading scriptures, preaching, initiating monks or nuns, conducting baptisms, reflection on and celebration of religious festivals, these will be considered normal religious activities.

Article 25: Normal religious activities are protected by the law. No person may use religious activities to oppose

the four cardinal principles, harm state unity or nationality unity, or jeopardize state security or public order. No person may, on the pretext of religious belief, refuse to obey laws, regulations, rules, and policies or obstruct the legitimate rights and interests of other citizens. No person may use religion to interfere in education, marriage, family planning, or other state administrative or judicial activities. No person may use religion to stir up mass disturbances or confuse social order. No person may revive religious and feudal privileges, religious systems of oppression and exploitation, eunuch [men huan 7024 1360] systems (issuing oral edicts and appointing mosque officials [fang kou huan fang a hung 2397 0656 0822 2397 7093 6059]), and hereditary imam systems which have already been abolished.

Article 26: State organs, social organizations, or individuals may not propagate atheism within religious activity venues. Religious believers may not engage in religious propaganda outside the religious activity venues.

Article 27: Religious activities will uphold the principles of being small-scale, local, and simple. Apart from religious festivals, whenever large-scale religious activities are to be held, the democratic management organization of the religious activity venue will submit a request 15 days in advance to the local township or town people's government. The people's government of the township or town will then forward the request to the religious affairs administrative and management department of the county-level people's government for examination and approval. After the religious affairs administrative and management department has received the application, it must provide a response within five days.

Religious activities must not affect social order and must not disturb the production, work, study, or lives of those in surrounding units. It is forbidden to set up or use loudspeakers within religious activity venues.

Article 28: In religious activities, the receipt by religious teaching and administrative personnel of "mie-tie" [0045 6317], alms, presents, and other donations from religious believers must be governed by the principle of willingness. There must be no levies of any types instituted.

It is forbidden to impose any form of fine or corporal punishment upon religious believers.

Article 29: When religious social organizations, religious activity venues, or religious teaching and administrative personnel intend to set up a scripture school, a study hall, or a theological seminary, or to run religious training classes, approval must be obtained from the religious affairs administrative and management department.

No person may use religious activity venues to carry out illegal or criminal activities or feudal superstitious activities which harm the physical health of citizens.

Chapter V—Religious Social Organizations

Article 30 - Religious social organizations refers to mass religious organizations including the Islamic Association, the Buddhist Association, the Catholic Patriotic Church and Religious Affairs Committee, the Protestant "Three-self" Patriotic Movement Committee, and the Christian Association.

Article 31: When applications are made to establish a religious social organization, after examination and verification by a religious affairs management and administrative department at or above county level, the matter will be sent to the civil administration department for registration and the issue of the social organization registration certificate.

Article 32: A religious social organization which has been approved and registered must carry out its activities in accordance with the constitution of the organization. The basic tasks are:

- A. To assist the party and government in implementing policies of freedom of religious belief and in safeguarding social stability and unity among the nationalities.
- B. To safeguard the legitimate rights and interests of the religious circles, and coordinate relations both within the religion and with the outside.
- C. To organize persons in religious circles to study current policies and laws and to train, examine, and manage religious teaching and administration personnel.
- D. To set up religious seminaries and schools and train religious teaching and administrative personnel.
- E. To handle religious affairs and matters relating to religion, guide the normal religious activities carried out by religious activity venues, and guide and organize religious circles to actively serve socialist modernization.
- F. To carry out academic research into their religions and engage in cultural interchanges.
- G. To develop friendly contacts in the religious sphere.

Article 33: Proposals for the printing and publishing of religious texts, religious books and periodicals, and religious picture albums, and the recording and issue of religious sound recordings by religious social organizations, religious activity venues and individuals must first be examined and verified by the religious affairs bureau of the autonomous region before relevant procedures are handled at the publication and distribution departments.

Chapter VI—Religious Activities Involving Foreign Areas

Article 34: When religious organizations and individuals develop foreign contacts in the religious sphere, they must uphold the principles of equality, friendship, and mutual respect.

Article 35: Foreigners may participate in religious activities in religious activity venues situated in the open areas of our region. They may also invite Chinese religious teaching and administrative personnel to carry out baptisms, weddings, funerals, Taoist and Buddhist rites, and other religious ceremonies for them. At the request of the religious social organizations in the province, foreigners may preach and lecture at the religious activity venues.

Foreigners who engage in religious activities within the borders of our region will respect the laws, regulations, and policies of our country and the local regulations and government stipulations of our region. They may not establish religious organizations, religious offices, or religious activity venues, nor run religious schools or institutions. They may not proselytize among the Chinese people, appoint religious teaching or administrative personnel, or engage in other missionary activities.

Article 36: When foreigners are recruited as students to study, within our region, to become religious teaching or administrative personnel, or to study or teach at religious institutions and seminaries within our region, matters must be handled in accordance with relevant state stipulations.

Article 37: Religious social organizations and religious activity venues may accept unconditional "mie-tie" [0045 6137], alms, presents, and other religious donations from foreign religious organizations and religious followers. However, they are not permitted to demand valuables from foreign religious organizations or individuals, nor to accept foreign religious subsidies or missionary fees.

Article 38: When foreign religious organizations or religious personages who have been invited by religious social organizations or religious activity venues come to visit or, in response to invitations, arrangement are made to visit them, requests for approval must be made to the autonomous region's religious affairs bureau. Examination and approval procedures will be handled in accordance with relevant state stipulations.

Article 39: In the development of an external interflow and cooperation by the economic and trade, science and technology, cultural, educational, sports, and tourism departments, when contracts are signed involving foreign religious organizations, or their subordinate organs or individuals, there must be no additional religious conditions relating to proselytizing, the establishment of religious organs, or the establishment of mosques, temples or churches.

Chapter VII

Article 39: Any religious social organization or religious activity venue democratic management organization, or any religious teaching or administrative personnel, faithfully observing these regulations and making outstanding achievements in the areas of maintaining unity

among the nationalities and social stability, will be cited and rewarded by the people's government or a relevant department at that level.

Article 40: If any violates these regulations and the infringement is minor, their activities will be stopped and they will be educated through criticism by the relevant administrative and management department. Those who violate public order management will be subject to public order punishment by the public security departments. Criminal violations will have criminal responsibility affixed in accordance with the law by the judicial departments.

Article 41: Any foreigner who violates these regulations will be punished in accordance with the law by the relevant departments.

Chapter VIII—Supplementary Provisions

Article 42: Macao and Taiwan residents must, when carrying out religious activities within the borders of our region, act in accordance with these regulations.

Article 43: Responsibility for interpreting these regulations lies with the Religious Affairs Bureau of the autonomous region.

Article 44: These regulations come into effect on their date of promulgation.

Central, Local Tax Organs Set Up in Ningxia

HK1908065894 Yinchuan NINGXIA RIBAO in Chinese
11 Aug 94 p 1

[By Ju Jingde (7263 2529 1795): "Establishment of Separate Tax Organs Fully Under Way in Ningxia"]

[Text] The work of setting up separate tax organs—which has been rapidly unfolded in the cities of Yinchuan and Shizuishan, and in Yinnan Prefecture since early July—is expected to be completed on 15 August. Meanwhile, tax revenues continue to grow steadily.

After more than six months of meticulous preparations, the plan for setting up central and local tax organs in two cities, one prefecture, and eight counties (cities) was submitted to the State Administration of Taxation, and was approved on 18 July. Since then, the work of setting up separate tax organs has entered the stage of implementation. After spelling out the principle of separation in great detail, the leading group of the regional tax department in charge of separation work, conducted experiments in Yongning County's tax bureau in order to gain experience. Later, in accordance with the adopted examination and approval plan, the tax departments in various parts of the region divided personnel and property, and studied issues relating to tax collection and management, and the convergence of auditing, accounting, and statistics, as well as the four steps to be gone through in acceptance inspection. They pushed

forward the work from the lower to the upper level in the order of personnel, property, grass-roots units, and institutions.

To ensure the smooth implementation of the new tax system and the completion of tax collection work, the tax departments at various levels, in the course of setting up separate tax organs, correctly handled the relationship between setting up separate organs and doing a good job in tax collection. They paid attention to collecting both central and local taxes, thus ensuring steady growth in tax revenues. Up to the end of July, tax departments throughout the region had collected 742.5 million yuan in taxes. This includes 373.7 million yuan in central taxes, accounting for 63.34 percent of the annual plan, and 336.78 million yuan in local taxes, accounting for 62.37 percent of the annual plan.

Xinjiang Religious Affairs Regulations

OW1808140794 Urumqi XINJIANG RIBAO in Chinese
6 Aug 94 p 2

[Xinjiang Uygur Autonomous Regional Regulations for Administering Religious Affairs adopted at the ninth meeting of the Eighth Xinjiang Autonomous Regional People's Congress Standing Committee on 16 July 1994]

[Text] Article 1. These Regulations are formulated in accordance with the provisions of the constitution, the law on regional autonomy for minority nationalities, and other related laws and regulations, and in light of the region's reality to protect citizens' freedom of religious belief, safeguard normal religious activities, and facilitate the administration of religious affairs.

Article 2. Citizens enjoy freedom of religious belief. No organ, organization, or individual may compel citizens to believe in, or not to believe in, any religion; nor may they discriminate against those who believe in, or do not believe in, any religion.

Article 3. The legitimate rights and interests of religious organizations and places of religious activities, the normal religious activities of personnel holding religious posts, and the normal religious activities of citizens who believe in religion are protected by law; no organization or individual is allowed to infringe upon and interfere with them.

Article 4. Religious activities shall be conducted within the limit allowed by the constitution, laws, and regulations. Religious feudal prerogatives, suppression, and exploitation are prohibited; no one is permitted to use religion to carry out activities that undermine the country's unification, national unity, and social stability; harm the health of citizens; and that hinder the operation of the country's administrative, judicial, educational, and marriage systems.

Article 5. Religious organizations and religious affairs shall not be controlled by foreign forces; religious organizations shall uphold the principle of independence,

self-decisionmaking, and self-management; and they shall practice self-rule, carry out missionary activities by themselves, and support themselves.

Foreign organizations and individuals shall conduct religious activities within the boundary of the autonomous region in accordance with the "Provisions on Managing Foreign Nationals' Religious Activities Within the Boundaries of the People's Republic of China."

Article 6. All religions and religious denominations shall respect each other, refrain from interference in other's affairs, seek common ground while putting aside differences, and live in harmony on the basis of patriotism and support of the socialist system. No organization or individual shall create disputes between different religions or religious denominations.

Article 7. Personnel holding religious posts refer to religious believers who serve in given religious posts and perform religious duties.

Article 8. Personnel holding religious posts shall uphold the CPC's leadership and socialism, safeguard the motherland's unification and national unity, be patriotic and law-abiding, enjoy fairly high prestige among the masses, and possess religious knowledge.

Article 9. Personnel for religious posts shall be selected and recommended by the democratic managing organization of the place of religious activities, approved by the religious believers after discussion, examined and ratified by the religious organization, and awarded certificates.

No other organization or individual shall assign or appoint personnel for religious posts at places of religious activities or remove them from their posts.

Article 10. Personnel holding religious posts shall be selected from within the local county (city or district). Where it is necessary to hire personnel for religious posts from outside the county (city or district) or autonomous prefecture (prefecture or city) because no appropriate candidates are available locally, a report shall be submitted to the religious affairs department of the local people government for approval.

Article 11. Where personnel holding religious posts are incapable of performing religious functions or guilty of illegal acts during their term of service, the religious organization shall relieve them of their duties or dismiss them from their posts.

Article 12. The places of religious activities refer to temples, monasteries, mosques, churches, and other fixed locations where religious believers conduct religious activities.

Article 13. Places of religious activities must apply for registration with the religious affairs department of the people's government at and above the county level.

Approval of the people's government at and above the county level shall be obtained to build or renovate places of religious activities.

When a place of religious activities is terminated or merges, a report for the record shall be submitted to the organ where it was registered, and its property shall be disposed of according to the country's relevant regulations. Article 14. The managing organizations of places of religious activities, or other religious organizations affiliated with such places, shall obtain licenses in accordance with relevant state provisions to manage and use their land, wooded mountains, and houses.

The state shall requisition land, wooded mountains, and houses managed and used by places of religious activities in accordance with the "Law of the People's Republic of China on Land Management" and other relevant state provisions.

Article 15. Relevant units and individuals who carry out such activities as rebuilding structures, erecting new buildings, setting up commercial or service outlets, holding shows and exhibitions, and filming movies or television shows within the areas managed by places of religious activities must obtain the consent of the managing organizations of such places and the religious affairs departments of people's governments at or above the county level before attending to formalities at relevant departments.

Article 16. Places of religious activities designated as units for the protection of cultural relics, or those located at scenic spots, shall manage and protect cultural relics, as well as protect the environment in accordance with the provisions of relevant laws and regulations. They shall also accept guidance and supervision by relevant departments.

Article 17. Places of religious activities shall be managed by democratic managing organizations elected by religious believers under the guidance of religious organizations.

Article 18. Democratic managing organizations of places of religious activities may set up and operate enterprises and establishments with the goal of achieving self-support; they may sell religious ware, artistic goods, books, and magazines within the premises according to the country's relevant stipulations.

Places of religious activities may receive alms, contributions, and other subsidies voluntarily donated by religious believers; however, apportionment is not allowed.

Article 19. The property and income of places of religious activities shall be managed and used by their democratic managing organizations. No other organization or individual is permitted to possess them or use them without compensation.

Article 20. Religious organizations are mass organizations representing the legitimate rights and interests of

personnel holding religious posts and religious believers and assisting the government in implementing religious policies, guiding personnel holding religious posts and religious believers in conducting normal religious activities.

Religious organizations are administered by the people's government religious affairs department.

Article 21. The establishment of a religious organization shall obtain the approval of the religious affairs department of the people's government at and above the county level after examination, and it shall apply for registration with the civil affairs department at the same level.

Religious organizations shall organize religious activities and handle religious affairs in accordance with law; no organization or individual shall interfere.

Article 22. Religious organizations may, with the approval of the state or autonomous region, set up and operate religious schools and may, with the approval of the autonomous prefectural or city (prefectural) people's government, set up and operate scripture study class (centers) to train personnel for religious posts. No organization or individual shall set up and operate religious schools and scripture study classes (centers) without permission.

Article 23. With the approval of the State Council and pertinent department of the autonomous region, religious organizations may conduct friendly exchanges with overseas religious organizations and figures on the basis of equality and mutual respect.

Article 24. Donations from overseas religious organizations and individuals received by democratic managing organizations of places of religious activities shall be disposed of according to relevant state regulations.

Article 25. When it is necessary to print, publish, or distribute scriptures and classics, and to publish or distribute printed materials and audio-video tapes explaining scriptures and religious doctrines and rules and regulations, religious organizations shall go through the formalities of approving procedures in accordance with the relevant state and autonomous regional regulations. Nonreligious organizations or individuals shall not print, publish, or distribute such materials without permission.

Printed religious material and audio-video tapes or other religious articles brought to China from overseas shall be handled in accordance with relevant state and regional regulations.

Article 26. Religious organizations, places of religious activities, and personnel holding religious posts who earnestly implement these regulations, and contribute to enhancing national unity and promoting social stability and economic development shall be commended or rewarded by the people's government at or above the county level.

Article 27. When places of religious activities or religious organizations violate the provisions of these regulations, the religious affairs departments of people's governments at or above the county level may mete out such punishment as issuing warnings, stopping their activities, or revoking their registration, depending on the severity of the circumstances. If the circumstances are particularly serious, they shall ask the people's governments at or above the county level to take action in accordance with the law.

When personnel in religious posts violate the provisions of these regulations and refuse to mend their ways after being educated and advised, the religious affairs department at or above the county level or religious organizations shall mete out such punishment as issuing a warning and relieving them of their religious posts.

Article 28. If the legitimate rights and interests of places of religious activities are infringed upon in violation of the provisions of these regulations, the religious affairs departments of people's governments at or above the county level shall ask the departments concerned or the people's governments at corresponding levels to investigate and punish violators in accordance with the law.

Article 29. Regarding violations of the provisions of these regulations that constitute offenses against public order, public security organs shall mete out punishment in accordance with the relevant provisions of the "Regulations of the People's Republic of China Governing Punishment for Offenses Against Public Order." If the violations constitute crimes, judicial organs shall determine criminal liability in accordance with the law.

Article 30. When meting out punishment for violation of these regulations, departments concerned shall render punishment in writing.

Parties that are dissatisfied with punishment decisions may, within 15 days of receipt of the punishment notice, apply to the next higher organ for reconsideration. Parties that are dissatisfied with reconsideration decisions may, within 15 days of receipt of the reconsideration decision, file lawsuits at the people's court. Parties may also directly file lawsuits at the people's court in accordance with the provisions of relevant laws and regulations within 15 days of receipt of the punishment notice.

Article 31. The autonomous regional people's government may formulate implementation measures based on these regulations.

Article 32. The regional Religious Affairs Bureau shall be responsible for interpretation when specific questions occur in implementing these regulations.

Article 33. These regulations shall take effect on 1 October 1994.

Xinjiang Financial Work Conference Discusses Budget

OW1908091794 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 17 Aug 94

[Announcer-read report over video; from the "Xinjiang News" program]

[Text] The regional financial work conference opened in Urumqi on 16 August. The conference analyzed Xinjiang's implementation of budget and financial work in the first half of this year, set the goals of financial work for the second half, and calculated and determined the basis of tax returns as required in the revenue-sharing system.

(Gong Jinniu), director of Xinjiang's finance department, addressed the conference. In the first half of this year, Xinjiang laid emphasis on tax reform, and the work of increasing revenues and controlling expenditures in its financial work. Under the circumstances of capital shortages and a tight budget, Xinjiang has surmounted many difficulties and accomplished the work rather satisfactorily. The budget was carried out normally and revenues maintained a fairly high growth rate. During the period from January to June, Xinjiang collected 1.128 billion yuan in revenues, accounting for 46.1 percent of the amount budgeted at the beginning of this year; an increase of 189 million yuan, or 20.12 percent, over the same period last year. Meanwhile, Xinjiang's expenditures stood at 2.856 billion yuan, or 43.18 percent of the amount budgeted at the beginning of this year. Staff wages and funds for economic construction and various undertakings were basically ensured in light of the budget.

As for financial work in the second half of this year, Xinjiang will focus on the central task of tackling inflation, while intensifying financial reform, strengthening tax collection and management, making sure all kinds of incomes are put into government coffers in time, strictly administering the budget, controlling spending, vigorously supporting production, creating more sources of revenues, and making rational appropriation of funds to promote reform, opening up, economic construction, and development of various undertakings in Xinjiang. [Video opens with a medium shot of a meeting hall, in which Gong Jinniu and four unidentified officials are seen sitting at the rostrum, facing participants; video alternatively shows Gong, who is addressing the meeting, and participants from various angles throughout the report]

Xinjiang Steps Up Rural Economic Reform

OW1908095894 Urumqi XINJIANG RIBAO in Chinese 9 Aug 94 p 1

[Report by XINJIANG RIBAO reporter Yang Fan (2799 0416): "Xinjiang Accelerates the Pace of Rural Reform"]

[Text] The Xinjiang Autonomous Region has notably accelerated the pace of in-depth rural reform this year, in an effort to establish a rural economic operating mechanism compatible with a socialist market economy as soon as possible.

The basic operating mechanism in the region's rural areas has further improved, helping to stabilize the household-based system of contracted responsibility with remuneration linked to output and the dual management system that combines household with collective operations. This is reflected in the following developments: The contract term for land and grassland has been appropriately extended to an additional 30 years, and the contract term for development undertakings—such as afforestation, control of flood and drought, treatment of desert and saline soil, and development of barren land, beaches, hills, and waters—is allowed to last even longer. The sale of land-use rights according to law is also allowed. A few localities with the necessary conditions are allowed to make necessary adjustments to contracted land to enable contractors to operate on a fairly large scale. People concerned believe that in developing operations on a fairly large scale, a commodity economy constitutes the foundation; voluntary participation of the masses is the precondition; improving efficiency is the goal; specialized production is the trend; and socialized service holds the key.

The region has earnestly implemented the "Law on Dissemination of Agricultural Technology," further implemented a series of preferential policies in support of a socialized agricultural service system, and strengthened agricultural technology dissemination and service organizations at all levels. Since last year, Xinjiang has formulated a series of policies and measures to stabilize agricultural organizations. As a result, scientific and technological personnel are in a more stable frame of mind. Most of them have higher initiative and have immersed themselves in work in the fields. To step up the building of agricultural technology dissemination and service organizations, the autonomous region appropriated 5.5 million yuan each year between 1991 and 1993 for building township dissemination and service stations. The region planned to take out 3 million yuan from funds earmarked for promoting cotton production for use in building township dissemination and service stations. In building socialized rural service networks, the region has upheld the principle of stabilizing county stations, strengthening township stations, and building village stations to gradually develop a closely knit service system incorporating stations operated by the state, the collective, and the peasants individually or jointly. Currently, the region's 13 prefectures and autonomous prefectures have established agricultural technology dissemination centers, and 74.7 percent of its counties and 82.9 percent of its townships have established agricultural technology dissemination stations.

The region has vigorously supported the healthy development of the agricultural cooperation foundation and

rural stockholding systems. Currently, the region has established 409 cooperative foundations. Some 16 percent of the townships and 2.6 percent of the villages have established cooperative foundations, with shares purchased by peasants totaling 44,113,400 yuan. The foundations have raised 370 million yuan to be used as loans. In 1993, the foundations extended a total of 500 million yuan of loans, distributed more than 3 million yuan as dividends to share holders, and increased accumulations

by nearly 4 million. The region has made vigorous efforts to establish stockholding cooperative enterprises in its endeavor to develop village and town enterprises and land and water resources, build water conservancy and hydropower projects, and form agricultural machinery and other economic associations. It has achieved good results by following the principle of setting up pilot projects first and improving on them later, and of developing undertakings first and regulating them later.

Draft Statute Defines PRC as 'Foreign Country'

*OW1808112094 Taipei Voice of Free China in English
0200 GMT 18 Aug 94*

[Text] The ruling KMT [Kuomintang] has decided in principle to define mainland China as a foreign country in drafting a statute for punishment of spying and treason.

The decision was made Tuesday [16 August] at a forum sponsored by (Huang Tzuwen), director of the KMT Policy Research Department that discussed the statute's contents.

Legislators and legal experts were among the forum's participants. (Huang) said the statute was drafted in accordance with a similar legislation in another country. It applies to the people and territory under the ROC [Republic of China] jurisdiction. National secret will be classified as military, defense, or business secret and activities that have endangered the ROC's survival and safety would be subject to punishment under the statute. Civil servants and government employees found guilty of having violated the statute by disclosing classified information under their jurisdiction would be given heavier penalty.

Taipei Lifts Fruit Import Restrictions To Aid GATT Entry

*OW1908093594 Taipei CNA in English 0807 GMT 19
Aug 94*

[By Sofia Wu]

[Text] Taipei, Aug. 19 (CNA)—Taiwan will lift import area restrictions on 16 fruits in preparation for its entry to the General Agreement on Tariffs and Trade (GATT), Finance Ministry officials said Friday [19 August].

The government will also allow free imports of turkey meat and whole ducks, the officials noted.

Taiwan is negotiating with GATT contracting parties for its membership bid. Taiwan's restrictions on agricultural imports have been a major concern in those talks.

As Taiwan hopes to become a GATT member before the end of this year, the officials said, the Council of Agriculture has agreed to remove import area restrictions on 16 fruits, including apples, grapes, fresh coconuts, peaches, pears, bananas, citrus, grapefruits, plums, lichees, persimmon fruits, pomeloes, guavas and longans.

The council has also agreed to lower the average fruit import tariff rate from the current 50 percent to below 35 percent, the officials reported.

In the initial stage, the officials said, the government will set annual import quotas for different fruits. Imports within the quotas will be subject to lower tariff rates while imports exceeding the quotas will be levied higher tariffs. The government will also impose higher tariffs on

fruit imports during local fruit production seasons. All these measures aim to minimize the adverse impact the new market opening may have on local fruit growers, the officials noted.

Thailand Becomes '9th-Largest' Trading Partner

*OW1808142594 Taipei CNA in English 1350 GMT 18
Aug 94*

[Text] Taipei, Aug. 18 (CNA)—Trade relations between Thailand and Taiwan have been growing substantially during the past year, making Thailand, for the first time, Taiwan's ninth largest trading partner.

Thailand became the second largest recipient of Taiwan investment among all Southeast Asian countries this year, behind only Malaysia, a survey conducted by the Taiwan Institute of Economic Research said.

The increasingly close trade relations, according to the survey, are the direct result of Taiwan's "southern strategy," which was launched late last year to encourage expanding Taiwan business activities in Southeast Asia.

Under the "southern strategy," Taiwan has since January this year become the second largest foreign investor in Thailand following Japan.

Consequently, increased Taiwan investments have fueled more Taiwan exports to Thailand. Taiwan exports to Thailand soared 14.3 percent in the Jan.-July period, the survey noted.

During the seven-month period, Taiwan enjoyed a U.S.\$710 million trade surplus with Thailand, up 20 percent from a similar period of 1993.

Thailand, which is considered by world economic observers as a successor to the four Asian little dragons, maintained an enviable 9.1 percent economic growth during the past three years.

World economists predict that Thailand will comfortably secure 7.8 percent growth this year, with inflation below 4 percent, a 4.7 percent current deficit-GNP ratio and a balance of payments surplus.

The Thai economy, however, has its shortcomings, the institute said. An assortment of factors, including skyrocketing land prices, rising wages and relatively inadequate infrastructure development, may cause potential foreign investors to hesitate, researchers said.

They warned that sharply increasing Taiwan exports to Thailand may trigger trade friction between the two countries.

The increasing exports will cause extra trouble for Taiwan officials when meeting the Thai counterparts for trade consultations on Taiwan's bid to enter the General Agreement on Tariffs and Trade, the researchers said.

To help offset pressure resulting from the trade imbalance, they suggested that Taiwan increase imports from

Thailand, including semi-finished industrial products, agricultural produce and raw materials.

Island Suffers Trade Deficit With East Europe

OW1908095594 Taipei CNA in English 0803 GMT 19 Aug 94

[By Debbie Kuo]

[Text] Taipei, Aug. 19 (CNA)—Taiwan's import and export trade with Eastern Europe in the first seven months of this year totaled U.S.\$1 billion and U.S.\$200 million respectively, leaving Taiwan in debt U.S.\$850 million. [figures as received]

According to customs tallies, Taiwan imported U.S.\$1.073 billion worth of merchandise from Eastern European countries in the Jan [January]-July period with

the Commonwealth of Independent States (CIS) and Poland topping the list. Other suppliers included the Czech Republic, Romania, Hungary and Bulgaria, in that order.

Meanwhile, Taiwan exported some U.S.\$218 million worth of goods to Eastern Europe with the CIS, Hungary and Poland the top importers.

Taiwan's largest trade debt was with the CIS, which boasted a U.S.\$677 million surplus during the period. Poland followed with a trade surplus of U.S.\$168 million, and Romania posted a U.S.\$14 million surplus, the statistics showed.

Hungary and Albania were the only two Eastern European countries with which Taiwan enjoyed a trade surplus during the period, the tallies showed.

Hong Kong

Acting Governor Predicts Contact With PRC Officials

HK1908072194 Hong Kong HONGKONG STANDARD
in English 19 Aug 94 p 4

[By Michael Smith]

[Text] Acting Governor Anson Chan has denied Beijing is freezing her out of talks on Hong Kong and has predicted a personal meeting with senior Chinese officials in the future. Despite China's repeated refusal to involve Mrs Chan or Governor Chris Patten in Sino-Hong Kong talks, Mrs Chan predicted yesterday there would be contact.

Her comments followed the latest warning from China's most senior official on Hong Kong affairs, Lu Ping, that he had "nothing to talk about" with either Mrs Chan or Mr Patten. "I don't think I am being bypassed," Mrs Chan said. "I think clearly Mr Lu Ping, for various reasons, feels that a visit is not convenient at the moment. But, on the basis that we do have a common interest in maintaining a smooth transition, I am sure that at some stage in the future, there will be contact."

Mrs Chan also hailed this week's meeting between Police Commissioner Eddie Hui and senior Chinese officials including Mr Lu, as a step forward in relations. She said the visit was an example of personal contact between officials boosting cooperation on transitional issues.

Mr Lu has repeatedly rejected offers by Mrs Chan and Mr Patten for a face-to-face meeting despite a supposed thaw in Sino-British relations since the passing of the governor's political reform package. But, echoing the words of Mr Patten, Mrs Chan renewed her call for a meeting with Mr Lu "anytime, anywhere".

"Mr Hui's visit also indicates that there is really no substitute for personal contact. The community and, clearly, the administration wish to see more contact, more personal contacts or visits to and from China on a whole range of activities concerning the transitional period, and in particular (the maintenance) of stability and prosperity in Hong Kong," she said. "There are many matters that need to be discussed with the Chinese and, as the Governor and I have made clear on many occasions, we would hope very much to meet many of our counterparts, in particular Director Lu Ping. We have a common directive, we share Director Lu Ping's wish to ensure a smooth transition and maintain stability and prosperity in Hong Kong."

Mrs Chan also called for the speeding up of talks in the Sino-British Joint Liaison Group (JLG).

She said a full session of the JLG was expected in mid-September, but hoped expert talks on a wide range of issues, including the new airport and civil service issues, could be held within the next few weeks. "I very

much hope that in addition to cooperating on law and order we will also see greater cooperation with China on a whole range of other issues," she said.

Britain and China are nearing an agreement on the new airport but remain deadlocked over borrowing by the Provisional Airport Authority (PAA) and Mass Transit Railway Corporation (MTRC).

Legal Delegation to Beijing To Avoid 'Touchy Issue'

HK1908071894 Hong Kong HONGKONG STANDARD
in English 19 Aug 94 p 2

[By Glen Perkinson]

[Text] The Bar Association is not planning to broach the touchy issue of the composition of Hong Kong's Court of Final Appeal when it meets legal bigwigs on the mainland this weekend. The territory's law bodies and China are at loggerheads over legislation that will regulate the new court which will assume the Privy Council's role as the forum of last resort for litigants and convicted criminals.

Yesterday, association administrator Margaret Lam said the main purpose of this weekend's Beijing visit was "a courtesy call." She said "political" issues would be avoided at this stage. The association and the territory's other legal body, the Law Society, are fervently opposed to the proposed composition of the court.

At issue is the ratio of local judges to overseas members. The mainland wants the ratio fixed at four local adjudicators to just one from overseas. Chinese officials claim this is stipulated in the Basic Law.

The association delegation, led by chairman Ronnie Wong, will meet the China International Law Association and the Chinese Economic Arbitration Centre and will visit the Supreme Court as well as the Hong Kong and Macao Affairs Office.

Ms Lam said the Hong Kong delegation would discuss the common law system with its mainland counterparts and listen to Chinese lawyers and officials explain the People's Republic legal system.

Mr Wong, who was unavailable for comment yesterday evening, had previously said the composition of the new court would be an issue. The Bar Association wants to see flexibility in the composition ratio.

It is understood that the association will canvas its membership over the make-up of the court when the government finally makes public the legislation that will create the court.

Earlier this month, the Chinese leader of the Joint Liaison Group members, Guo Fengmin, said the draft legislation—which has yet to be seen by local law bodies—did not comply with the Sino-British agreement reached on the court in 1991.

Law Society secretary-general Pat Moss said yesterday that the two associations were still opposed to the proposed ratio. However, in spite of promises from the government, neither body had seen a finalised bill.

The Hong Kong legislature has rejected the 1991 deal over the composition ratio. It is expected that legislators will get a look at the latest bill by the end of this year.

Hong Kong's Chief Justice, Sir Ti Liang Yang, has repeatedly underscored the sense of urgency for the setting up of the court. He said the Court of Final Appeal should be up and running by 1997, otherwise people seeking legal redress could be left in limbo.

Some PRC Advisers on District Boards To Skip Elections

HK1908092094 Hong Kong HONGKONG STANDARD in English 19 Aug 94 p 4

[Text] Some appointed district board members, who are also district affairs advisers to Beijing, have decided to wait for reappointment after 1997 rather than fight in next month's election.

An estimated 75 district affairs advisers have decided to stand for election, but another 49—who now hold appointments to the boards—have opted to sit out the elections in expectation of reappointment after 1997.

China has opposed Governor Chris Patten's abolition of appointed district board seats, which conservatives and pro-Beijing forces expect to be reintroduced by the post-1997 chief executive. China has refused to give a clear indication whether the appointment system will be re-introduced after 1997.

But the appointed district board members who also acted as advisers were told by Chinese officials that Beijing needed their help to serve Hong Kong both before and after the transfer of sovereignty. They were confident that the Special Administrative Region government would re-introduce the appointment system after 1997. They also believe China is grooming its district affairs advisers to sit on the district boards after 1997.

It was understood that the Chinese Government wanted a group of enthusiastic people who could serve the community without threatening its authority. But China still had a limited role to play in district affairs before 1997 and only the Xinhua News Agency had the power to organise forums to discuss community issues, they said.

Mau Kei-on, a Kwun Tong appointed member for 10 years, said he did not run for election because he disagreed with the way newer members handled district issues. He said appointed members would easily be attacked by their political opponents under direct elections. More importantly, he believed the Chinese Government would reappoint him after the handover.

South District appointed member Keith Lam Hon-keung said he was cheated in the 1986 Legislative Council indirect elections. He said he was not suited for the dirty politics surrounding direct elections. He preferred to wait and accept China's offer if it decided to re-introduce appointed members after 1997.

PWC Discusses Old-Age Pension Scheme

HK1908061994 Beijing XINHUA Hong Kong Service in Chinese 1408 GMT 13 Aug 94

[Text] Beijing, 13 Aug (XINHUA)—The two-day Eighth Meeting of the Hong Kong Special Region's [SAR] Preliminary Working Committee [PWC] Economic Group ended in Beijing today. The meeting focused on the discussion of issues related to retirement protection and welfare for the aged in Hong Kong.

PWC members attending the meeting called on Hong Kong society to show common solicitude for old people's well-being, and they considered, in particular, that the well-being of employees after retirement should be protected according to the law. This is a long-standing social problem of Hong Kong which must be solved as early as possible because Hong Kong's population is growing older and older.

Participants said: This problem should be solved in light of the long-term and overall interests of Hong Kong society, and in a way that must be favorable to preserving Hong Kong's stability and prosperity, and in line with relevant regulations of the Basic Law. The "old-age pension scheme" recently proposed by the Hong Kong British Government is, in essence, an issue of old-age allowance which is about social welfare, and should not be confused with employee retirement protection. As far as the nature of the problem and social needs are concerned, efforts should be made to try to solve the problem of employee retirement protection once and for all. In PWC members' opinion, the best way is to work out a perfect management system and enforce a mandatory pension scheme on the basis of private pension schemes implemented by some enterprises. For old people who cannot enjoy retirement protection, but who have a real need for it, the method of improving old-age allowance and service should be used to solve their problem.

Different views on this issue have been expressed across Hong Kong society, so this problem must be handled with great care, and it is necessary to listen to opinions from all sectors in Hong Kong.

In addition, the "old-age pension scheme" proposed by the Hong Kong British Government must be enforced by the Hong Kong SAR Government after 1997. Hence, this issue must be submitted to the Sino-British Joint Liaison Group for discussion, and any decision must be made only after full consultation.

UK 'Prepared To Compromise' Over Airport Financing

HK1908060994 Hong Kong EASTERN EXPRESS in English 19 Aug 94 p 2

[Text] The Government is ready to offer "flexible options" to break the protracted deadlock over funding for the new airport—including injecting more government money on top of the \$60.3 billion government equity agreed earlier. It is understood that Britain is prepared to compromise on the key sticking point—China's insistence on a cap on the \$23bn borrowing—by undertaking to inject additional funds into the project if necessary, said a source close to the government. "The government may have to decide it is prepared to put more equity in," the source said, adding that it may not be necessary to specify that it is equity or the amount.

It is believed the government is now prepared to "declare its willingness" to China at the next expert meeting to shoulder any additional costs should it become necessary. This would be stipulated in the Basic Agreement which is being drafted following the last Sino-British Joint Liaison Group [JLG] meeting in June, according to the source. The government had hoped a JLG meeting could be convened this week, after two weeks' suspension, but the Chinese side is waiting for more agreement.

Britain offered additional funds of "callable equity" two years ago to China in its first funding proposal, undertaking to shoulder an unspecified amount of equity in the event of a blowout in borrowings. The offer was rejected on grounds that it would leave a "huge debt" for the future Special Administrative Region to bear.

Lu Ping, the director of the Hong Kong and Macao Affairs Office, has accused Britain of creating problems by making new demands at the last minute. He said Britain had adopted market-style bargaining over the agreement. Lu said Britain had demanded China support two funding plans for the proposed Airport Authority and the new airport Mass Transit Railway Corporation before both sides ratified the Basic Agreement. The government argued that the two financial support agreements were an essential part of a financing agreement for the two projects and the government had already given the Chinese side copies of the draft documents.

China maintains \$23 billion is the maximum that could be borrowed by the two corporations. Britain has been reluctant to accept the cap because of interest rate changes.

China wants to concentrate on the final wording of the Basic Agreement before discussing the two financial support agreements on the two corporations, while Britain is demanding discussion of the whole package.

Anson Chan, the acting Governor, said on Tuesday the two corporations would not be able to start borrowing without China's blessing.

Editorial Advocates Investment in Vietnam

HK1908071294 Hong Kong SOUTH CHINA MORNING POST in English 19 Aug 94 p 16

[Editorial: "Hanoi Strides Ahead"]

[Text] The fact that Hong Kong has become the leading investor in Vietnam is indicative both of the opportunities that exist there and of problems that exist in other emerging Asian nations. The territory's investors are focusing on Vietnam because the country's ageing communist leaders are showing themselves surprisingly adept at winning the battle for foreign investment, just as, in earlier years, they were innovative and unconventional in fighting the French and Americans.

Only this week, it was reported that Prime Minister Vo Van Kiet had decreed that government officials would have to speak at least one foreign language, preferably English, if they wanted promotion. At the same time, foreigners are to be allowed to become managing directors of joint stock commercial banks and finance corporations and own their homes. This apparent flexibility compares with the situation in some other Asian nations, which, out of a misplaced sense of national pride, place restrictions on land and company ownership, leading foreigners to hide behind nationals.

After the destruction of decades of warfare, and the wasted years of a U.S.-led embargo, Hanoi needs to act boldly and quickly if it is to achieve its aim of quickly joining the Asian tigers. Vietnam has made a good start and deserves encouragement and support.

However, investors will hesitate before jumping into Vietnam. Although there are big potential profits to be made, Hanoi will need to build a legal system that, apart from punishing the guilty, protects the innocent from the insolence of office and the law's delay. Information on investment laws and regulations governing such areas as taxation and safety must be readily available, and the rules must be fairly applied.

That said, the signs are already promising. Communist Party General Secretary Do Muoi appears to be taking some of the good points from the Chinese model of development, seeking the support of compatriots overseas—rather than labelling them as traitors—and stressing freedom of religion, although Hanoi has so far, in practice, not appeared very sympathetic to any form of dissent, religious or otherwise. Vietnam should be given the benefit of the doubt as the authoritarian political regime seeks to introduce liberal economic measures. This process necessarily involves tensions, but, so far, so good. Good morning, Vietnam.

Editorial Exhorts Beijing To Fight 'Rampant Graft'

HK1908092394 Hong Kong HONGKONG STANDARD in English 19 Aug 94 p 12

[Editorial: "Beijing Must Fight Rampant Graft Now"]

[Text] The negative aspects of China's economic reform program are easy to identify but difficult to solve. Rampant graft heads the list followed by spiralling inflation which raises the spectre of social instability.

Corrupt mainland officials will be targeted in measures which are expected to be published as early as the beginning of next year.

It is clear that the odds are heavily stacked against Beijing leaders as they set out to slay the dragon of corruption. Many cynics have taken a perverse delight in gloomily predicting that China will never be able to clean itself up. There can be no doubt that the success of the anti-graft campaign will depend solely on its enforcement. Any half-hearted approach will surely defeat its purpose.

Graft in the mainland bureaucracy is the kind of infection that French writer Albert Camus imagined in his novel, "The Plague." It spares nobody. It undermines confidence and saps credibility. It sweeps through all the crevices of government, afflicting the wholesome as well as the unclean, corrupting everything it touches.

Some officials are taking advantage of the transition from a planned economy to a market one in order to line their own pockets. In addition to the evil effects of kickbacks which make these bureaucrats rich, state assets are also being drained. The authorities are anxious to sever the links between the bureaucracy and the business

sector. They want to prevent corrupt officials from setting up offices and draining public assets into private hands.

Complicating the problem is Beijing's reluctance to endanger its crucial relationship with these bureaucrats who support economic reform.

Emergency and common sense should dictate that the pay of these officials and cadres, who are poorly paid in comparison with other sectors, be boosted so that they would no longer be tempted to profit from their positions. The dilemma for Beijing is that we are talking about a very large number of bureaucrats in China. Is the state ready to shell out the vast sums that a blanket pay rise would entail?

It is imperative that China continues to give priority to development so that it will be able to increase the pay of these officials and cadres.

In the meantime, concern has been expressed here as to whether the trend towards corruption in the mainland will be manifested in our own business environment after 1997. But it is a more immediate problem than that since we are already doing business with the mainland and many Hong Kong people make regular trips across the border.

Beijing must clean up its act, not just for its own sake but for Hong Kong's as well.

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